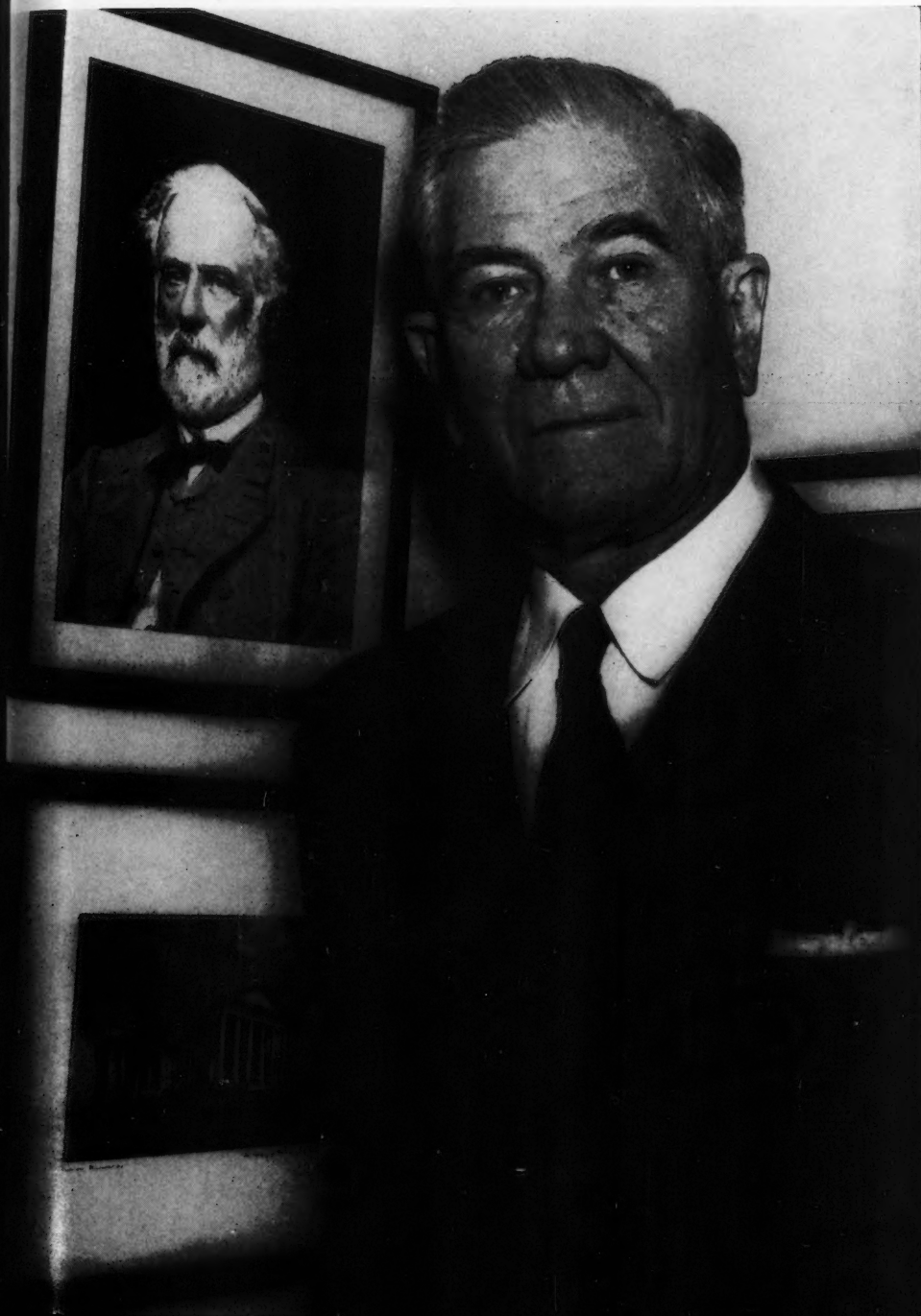


BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



MARCH 1959



We Need More Facts To Judge Municipals

(page 4)

Bank Ad Budgets up 12% for 1959

(page 74)

◀
New Chairman of
the Senate Banking
and Currency
Committee
(pages 3, 40)





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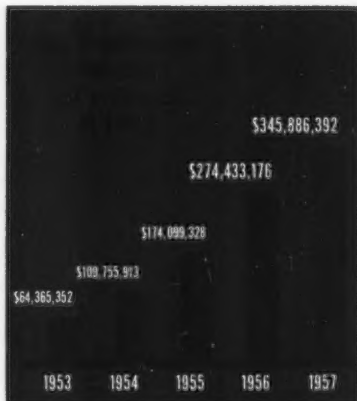
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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

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In This Issue

In a Class by Themselves

FDIC analyses indicate that many small banks often hold fairly large quantities of municipal bonds, unratable because of the small size of their issue. Adequate credit information demanded in the case of other issues is often foregone in the case of municipals. Washington correspondent for BANKING, Herbert Bratter, gives a background on this situation on page 4; page 6 starts Durwood C. Dubois' checklist of what should be examined in such an offering.

Advertising Survey

Will you spend more money on advertising in 1959? For a look-see at how you and other bankers have been allocating your advertising funds . . . how much, in what media, and with what emphasis on what services . . . turn to page 74 and read a full report based on the American Bankers Association's Advertising Department's just-completed survey.

The Ladies, Bless Them,

seem to know just what banking services they want. How to see that they get it was the topic of a panel discussion at the Illinois Bankers Association 7th Annual Business Conference. For a report on this, see page 44.

Washington This Month

On our cover, and heading the Senate Banking and Currency Committee is Senator A. Willis Robertson. For a look at the Senator, as well as something about his opposite number in the House—Representative Spence—and for a report on Mr. Eisenhower's budget, turn to BANKING's Washington report on page 40.



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Chicago Office, 33 South Clark Street, Chicago 3, Ill.; Washington Office, 730 Fifteenth St., N.W., Washington 5, D.C. Subscriptions: \$5.00 yearly; Canada, \$5.50; foreign, \$6.00; single copies, 50 cents. Second class postage paid at Philadelphia, Pa. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

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March 1959



KENI FOR BANKING

THIS MONTH'S COVER

Virginia's Democratic Senator A. Willis Robertson is the new chairman of the Banking and Currency Committee of the Upper House. The Senator's background, accomplishments and aims are described in "Washington," page 40

BANKING'S Investment Forum

We Need More Facts to Judge Municipals

Improvement of Credit Files on Municipals Is of Primary Importance

DURING the examination of a country bank in a southern state it was found that, out of the institution's total resources of almost \$2,500,000, about one-fourth were state obligations and those of political subdivisions. Questioning by the examiner further disclosed that the bank had no definite investment policy. It did not subscribe to any statistical or advisory service on municipal securities and did not have on file any adequate credit information on its holdings of such investments.

Beyond a doubt the bank was sold these securities by dealers in state and local government obligations

HERBERT BRATTER

who should have been requested to supply adequate credit information. But, as a regular practice, the bank did not request it.

This is not an isolated case. In fact, it seems to be all too typical of many banks. The FDIC has made some analyses of reports on a number of state banks and its findings indicate that, in general, smaller banks have relatively large portfolio holdings of "municipals" which, because the issues are small, are outside the rating system. In all too many cases the bank's files are lack-

ing in satisfactory credit information related to such holdings.

Roughly about half the "municipals" held by small banks are believed to be of the unrated variety. "Rated" as used here refers to the methods of grading securities used by such commercial agencies as Moody's Investors Service and Standard & Poor's Corporation.

The growth during recent years in the volume of state and local government borrowing on long term and the importance of banks as a market for such governmental securities focus attention on the need for adequate credit information. This is in the interest not only of the borrowing bodies but also of the investing institutions.

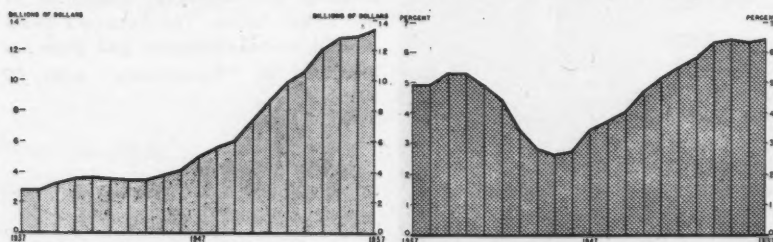
Bank holdings of state and local government bonds and similar securities have grown since the end of World War II from about \$4-billion to approximately \$14-billion. This growth has been in line with the expansion of the over-all debt of such governmental authorities. The counterpart of this debt may be seen in the many new highways, schools, hospitals, water systems, and other community facilities evident all over the country.

It is generally accepted that the trend will continue to make heavy demands on the capital market for years to come; and banks will continue to constitute a major market for municipal securities.

(CONTINUED ON PAGE 6)

SECURITIES OF STATE AND LOCAL GOVERNMENTS HELD BY COMMERCIAL BANKS

The chart at the left represents the dollar amount of such securities from 1937 to 1957. After steady growth, the amount is now about one fourth of the total of state and local government securities. The chart at the right shows the percentage of total assets of commercial banks that these securities represented. Holdings have passed the 6% level. These are taken from a presentation entitled "Evaluation of Municipal Securities as a Guide for Better Financial Reporting," which was given before the Municipal Finance Officers Association of the United States and Canada, last June, by Raymond E. Hengren, who is assistant chief, Division of Research and Statistics, Federal Deposit Insurance Corporation



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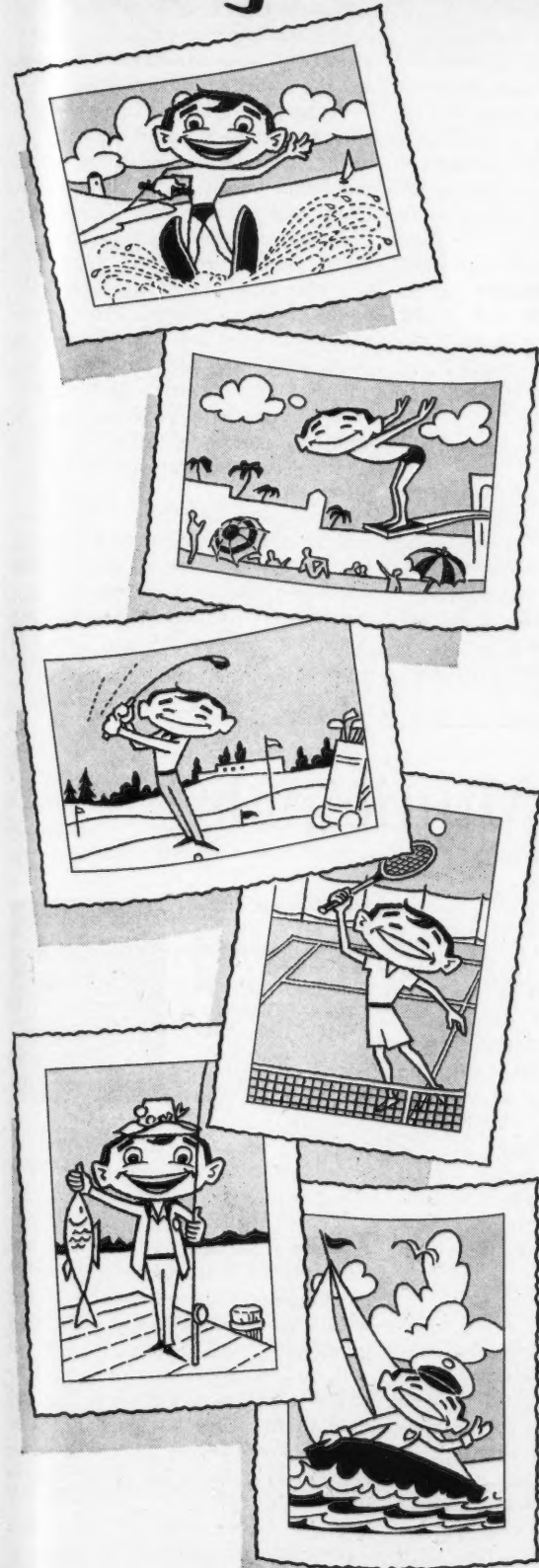
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ALL PURPOSE CLUBS
TAX CLUBS



(CONTINUED FROM PAGE 4)

Where the borrower is large and well known in the financial community, getting a line on credit standing of the securities presents no problem. Comprehensive reports and audits are readily available. But a large part of municipal debt is incurred by thousands of small entities for which ratings are not to be found in standard reference publications.

Raymond E. Hengren, assistant chief of FDIC's research division, points out that, among smaller banks especially, securities locally floated by such communities loom large in investment portfolios, as compared with total resources of the banks. While the borrower's credit is of bankable quality in most cases, "the mechanisms for demonstrating the credit-worthiness of these localities has been developed only to a very limited extent, and this is a situation that calls for remedy."

Interviewed in Washington by BANKING, Mr. Hengren continued: "Bankers, dealers in securities, and

representatives of these smaller units of government—all have a vital interest in improving the means for compiling and disseminating credit information wherever necessary. Surely it would be unfortunate if the banks and other segments of the investment community were unable to absorb the obligations of small governmental subdivisions merely because credit worthiness could not be readily demonstrated. Nevertheless, the responsibilities to depositors and stockholders are such that bankers can commit funds only to securities which measure up to the approved standards for credit quality. A satisfactory demonstration of credit quality depends upon an adequate amount of relevant information.

A Cooperative Effort

"Because of tremendous variation in the size as well as the scope of activities performed by subdivisions of government, it is not practical to force all of them into the same reporting pattern. Qualified analysts of municipal credit, however, are in general agreement about the infor-

mation needed to appraise credit quality. Starting from this area of agreement, it seems to me that the major interests concerned with this subject could now undertake a cooperative effort to improve financial reporting and auditing, especially for the smaller municipalities.

"Everyone who is familiar with this situation, I am confident, will agree that the ramifications of the municipal credit data problem are many and troublesome. One immediate objective of great importance is the improvement of credit files on municipal securities held by banks. As background, there is the experience over the past 40 years in developing bank files of information on commercial loans. That experience shows that progress can be made by consistent effort to move forward step by step toward a definite goal."

Subsequent articles in BANKING will discuss the following aspects of this subject: *Credit Information Through Dealers; Ratings by Advisory Services; Issuers Should Keep Investors Informed; and How to Size up a "Municipal."*

Checklist for Municipals

DURWOOD C. DuBOIS

STATE and municipal bonds have been popular investments for a great many years and can well be considered as secondary reserve in a bank portfolio. They have earned their popularity chiefly because they have made an enviable record for prompt payment of principal and interest. Besides, income from these securities is exempt under present laws from all Federal income taxes, and many of them are exempt in the state of issue as well.

The predominant type is the general obligation bond. It is secured by the full faith and credit of the issuing political subdivision, payable from taxes which may be levied against all of the taxable property, and is a first lien against the property taxed. Some are limited tax obligations; others are unlimited.

A more recent type is known as the housing authority bond. Local

housing authorities created by statutes in various states are empowered to issue their own bonds. They have no taxing powers; their income is derived only from the housing projects. They have come to be regarded among the highest grade municipals because of the pledge of the faith of the United States by the Public Housing Administration to the payment of the annual contributions of the local housing authority.

The Revenue Bond

A third type is the revenue obligation, which has become more popular in recent years. It developed because of the need of public bodies to find more ways of raising money. The revenues of a project are used for payment of obligations instead of relying on any taxing power. They are issued in connection with

This is from a report given by Mr. DuBois, executive vice-president of The Ohio Citizens Trust Company, Toledo, to the Nat'l Ass'n Bank Auditors and Comptrollers of N.W. Ohio



projects, such as toll bridges or water works, on which service charges may be placed.

Municipal bonds are usually offered in serial maturities so a diversification of maturities can readily be obtained. They are always offered with a legal opinion of a recognized municipal bond attorney and an opinion is necessary for good delivery. You should always demand one at the time of purchase and should keep it on file with your securities in the event you wish to dispose of them.

There are many things you should
(CONTINUED ON PAGE 10)

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an idea is one thing

the solution another

Five hundred years ago Leonardo da Vinci drew plans for an airplane. Da Vinci's thinking was so far ahead of the technical skills available to him that mankind spent nearly five centuries achieving truly successful and commercially practical applications of his ideas.

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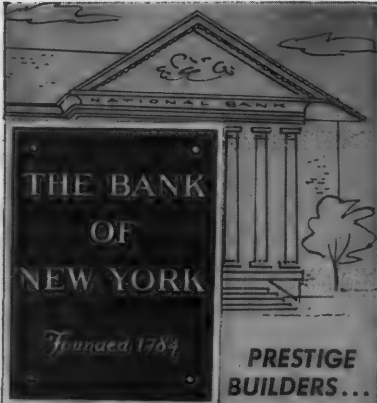


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Los Angeles, 58 California



(CONTINUED FROM PAGE 6)

examine in an offering. These include:

- Reputation and size of the community
- Population
- Growth of industry
- Tax collection history
- Purpose of the issue
- Tax sources for payment of the bonds and interest

● Overlapping debt of the municipality

● Local economic and political conditions and prospects for area improvement

● Reputation of the dealer offering the bonds

● Record of payment of obligations

● Comparison with other similar offerings

● Ratings, when available.

Investment Value of Bank Equities

IN a section devoted to the "bank industry" published in its January 26 issue, the Value Line Investment Survey says, referring to 1958, that "the superior recession resistance of bank earnings and dividends was once again demonstrated to the investment community. In addition, such specific industry developments as mergers and the prospect of wider branch bank privileges in some jurisdictions prompted wide price gains for certain individual banks. As a result of the 1958 price advance, current quotations of most bank stocks now command sizable premiums over book value.

"Nevertheless, the banks remain much more reasonably priced in relation to estimated 1959 earnings and dividends than is true for many other industry groups. Their average current dividend return is 4.0%, exactly on a par with the yield afforded by all stocks. In the past, these top investment quality stocks have traditionally sold at lower yields than the typical industrial stock except when the dividend of the latter was near a cyclical low. . . . Finally, reflecting the prospect of continued earnings and dividend growth we see in store, the overwhelming majority of these issues is also ranked favorably for Appreciation Potentiality to the years 1962-64. Thus, the bank equities continue to offer exceptional all-around investment value at the current dangerously inflated general level of stock prices."

Long-Term Money Demand Tops Supply

GIRARD L. SPENCER

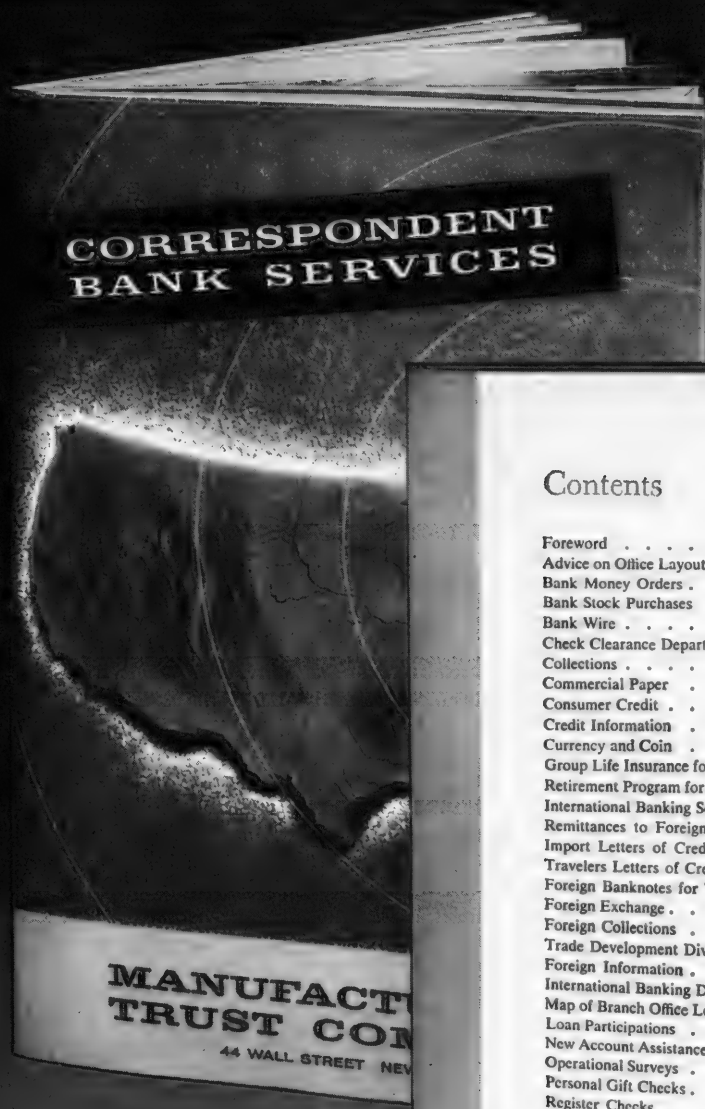
This 1959 "supply and demand" study is compiled by Salomon Bros. & Hutzler, New York investment firm, in which Mr. Spencer is a partner. It follows the pattern of similar studies made by that organization in recent years.

gories listed in this study. To offset this omission, the estimated purchases of real estate mortgages and tax-exempt securities by commercial banks have been deducted before arriving at the indicated demand for long-term funds.

IN estimating the supply of new long-term funds, the increases in savings-time deposits placed with commercial banks have not been counted, for the reason that these deposits are invested only partially in those securities which are included in the demand cate-

As in past years, Treasury fiscal operations are considered outside the scope of this study. Federal debt management has a wide range of choice in making its decisions. It is anticipated that the Treasury will borrow moderate amounts of intermediate and long-term money in 1959, but the volume will be sub-

(CONTINUED ON PAGE 13)



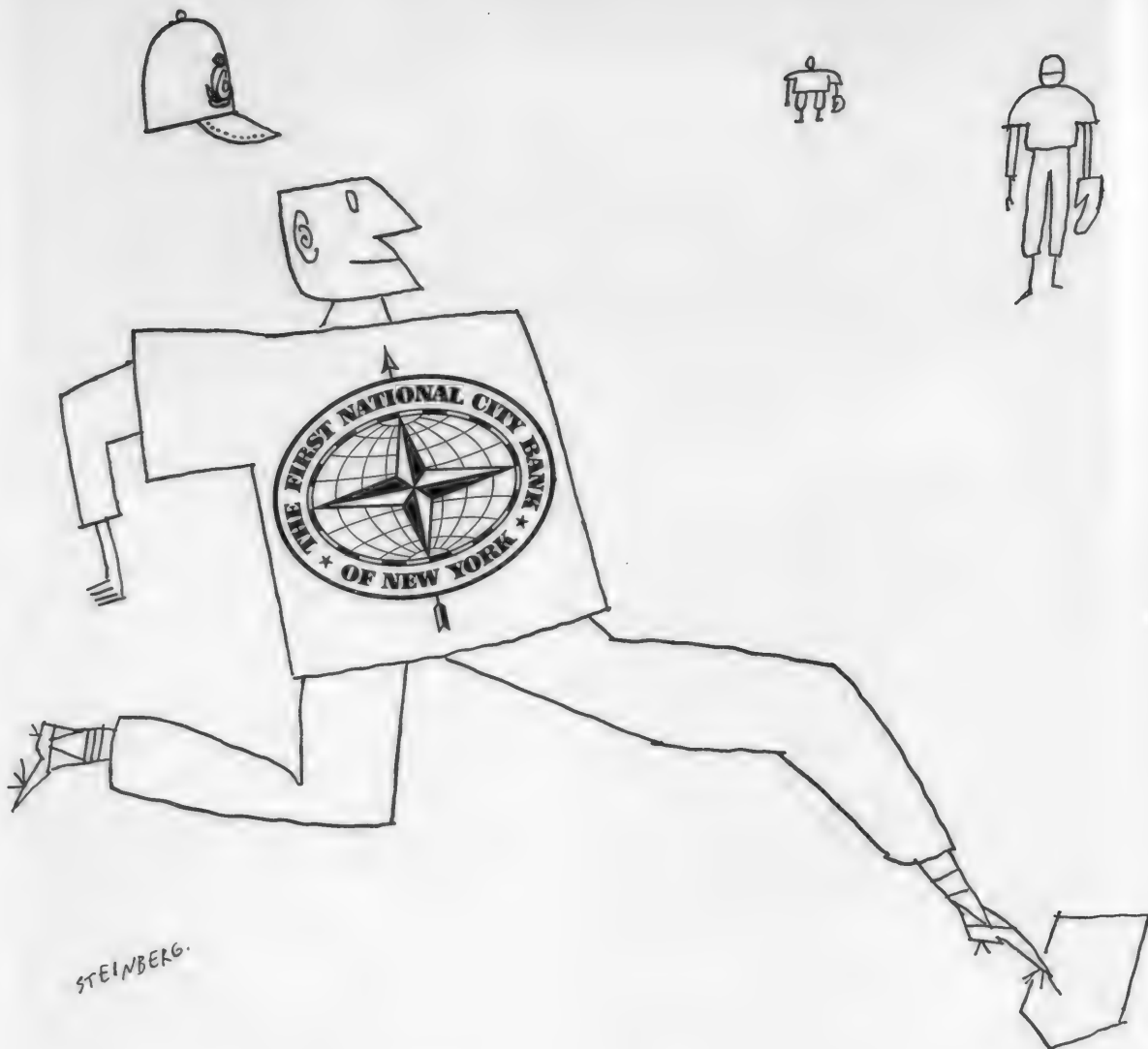
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(CONTINUED FROM PAGE 10)

stantially smaller than that in 1958.

In contrast to earlier years, comparatively rapid shifts in Federal Reserve monetary policy took place in 1958. It is probable that the Federal will continue to move quickly whenever it deems such action essential. With inflation—actual and potential—the current primary concern of both the fiscal and the monetary authorities, a moderately increasing restrictive credit policy is indicated for the period ahead.

It is possible that changes in our international relations as well as domestic legislation may make it necessary later to revise these estimates for 1959. In 1958, for example, new housing legislation resulted in mortgage borrowings sub-

stantially higher than was anticipated at the beginning of the year. Furthermore, changes in the economy and economic outlook rarely fall within the framework of a calendar year.

Present estimates for the supply of and the demand for long-term funds submitted herewith indicate a deficiency of \$1-billion of new capital, or approximately 4% of the demand from the users that have been included.

Expectations of an excess of demand for long-term capital and a continuing restrictive monetary policy forecast sustained pressure in the money market. Interest rates are likely to continue to rise—at least during the first half of the year—but less rapidly and to a more moderate extent than was the case during the last half of 1958.

Estimates of the Net Accumulation of Long-term Funds That Will Be Available in the Capital Markets for Use by Private Borrowers, States, Municipalities, and Public Revenue Authorities; and Estimates of the Demand by These Borrowers in 1959

SUPPLY

NEW LONG-TERM INVESTMENT FUNDS

| | |
|---|----------------|
| Life insurance companies | \$ 4.7-billion |
| Mutual savings banks | \$ 2.2-billion |
| Savings and loan associations | \$ 5.5-billion |
| Corporation pension funds not funded with insurance companies.. | \$ 3.3-billion |
| State and municipal retirement and pension funds | \$ 1.6-billion |
| Fire and casualty insurance companies | \$ 1.3-billion |
| Other long-term funds | \$ 5.1-billion |

(This is the estimate of funds it is expected will be invested in mortgages, corporate stocks and bonds, and tax-exempt securities by individuals, personal trusts, charitable and educational endowments, union funds, noncorporate pension funds, and other long-term investors not listed above.)

SUPPLY OF LONG-TERM FUNDS\$23.7-billion

DEMAND

Mortgage financing\$13.3-billion

(Estimated gross borrowings for residential, farm, and commercial construction \$27-billion based on an anticipated 1,150,000 private housing starts—less amortization and repayments of \$11.5-billion; and after deduction of anticipated Government agency purchases of \$1-billion and commercial bank purchases of \$1.2-billion)

State, municipal, and public revenue authority\$ 3.5-billion

(Estimated gross borrowings, excluding refundings, \$7.6-billion—less maturities and sinking fund purchases of \$3.1-billion; and after deduction of anticipated commercial bank purchases of \$1.0-billion.)

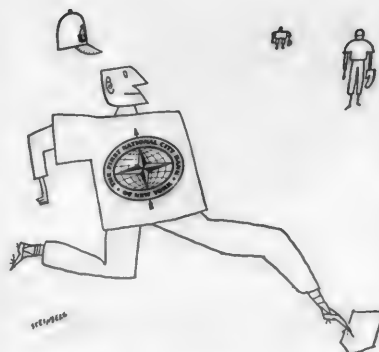
Corporate financing including foreign loans and International Bank borrowings in the United States\$ 7.9-billion

(Estimated gross offerings, excluding refundings, \$10.7-billion—consisting of \$8.6-billion bonds and notes, \$0.5-billion preferred stocks, and \$1.6-billion of common stocks—less estimated maturities and sinking fund retirements of \$2.8-billion.)

DEMAND FOR LONG-TERM FUNDS\$24.7-billion

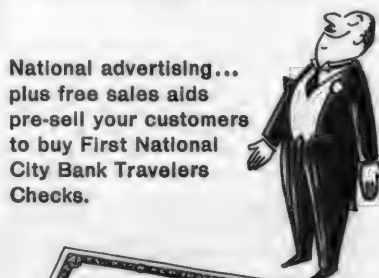
INDICATED DEFICIENCY OF LONG-TERM FUNDS IN 1959\$ 1.0-billion

March 1959



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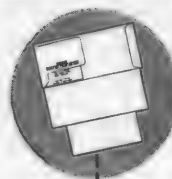


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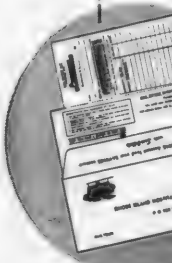
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More Than 110,000 Mutual Fund Shareholder Accounts Held by Institutions

A RECENT shareholder survey of 87 open-end (mutual fund) investment companies shows that 111,394 shareholder accounts are now held by fiduciaries and other institutional investors, the National Association of Investment Companies has announced. The total value of these holdings was estimated at \$793,066,000; the average account was valued at \$7,119.

The new study indicates continuing acceptance of investment company shares by institutional investors when compared with surveys made in 1956 and 1957, the association noted. Reporting companies indicated 89,559 institutional accounts as of September 1957 and 61,494 at the same time in 1956.

Study's Coverage

The current study is based on data from companies representing 63.4% of assets of the association's 146 mutual fund members on September 30, 1958. The 1957 study covered companies representing 79.7% of as-

sets of the 136 mutual fund members in September 1957. In 1956, the study covered companies representing 70.3% of the 125 member companies' assets in June 1956.

Largest Group

Fiduciary investors—banks and individuals serving as trustees, guardians, or administrators—are the largest institutional group, holding 87,832 accounts with a market value of \$439,215,000. The average size of these accounts is \$5,001.

The second largest group of accounts is held by institutions and foundations such as hospitals, schools, churches, and religious organizations. They hold shares valued at \$127,910,000 in 11,409 accounts. The average account held by this group amounts to \$11,211.

Business organizations—corporations, pension and profit sharing plans, and unions—hold 8,617 accounts with a value of \$164,988,000. The average account for this group was the largest—\$19,146.

Institutional Investors of Open-End Investment Companies in 1958

(A composite of surveys conducted by 87 open-end investment company members of the National Association of Investment Companies during 1958. These companies represent 63.4% of the assets of the 145 open-end association members on September 30, 1958)

| | ACCOUNTS | | VALUE | | |
|---|--------------------|------------------|---|------------------|-----------------|
| | Number of Accounts | Percent of Total | Estimated Market Value of Accounts on Sept. 30, 1958 (in 000's) | Percent of Total | Average Account |
| Total, all institutional accounts.... | 111,394 | 100.0% | \$793,066 | 100.0% | \$ 7,119 |
| Fiduciaries (banks and individuals serving as trustees, guardians, and administrators)..... | 87,832 | 78.8 | 439,215 | 55.4 | 5,001 |
| Business organizations..... | 8,617 | 7.7 | 164,988 | 20.8 | 19,146 |
| Institutions and foundations..... | 11,409 | 10.3 | 127,910 | 16.1 | 11,211 |
| Unclassified institutional investors.. | 3,536 | 3.2 | 60,953 | 7.7 | 17,238 |

SOURCE: National Association of Investment Companies.

The Most Volatile Stocks of 1958

In the February issue of The Exchange, monthly publication of the New York Stock Exchange, appeared the article which is reprinted on this page.

LAST year's stock market has been entered in the history books as having reached the highest level, on average, on record. It's not surprising, of course, that the 20 most volatile issues on the plus side showed very substantial gains.

On the minus side, though, there's some question whether the 20 issues with the largest percentage losses may properly be called volatile. After all, an issue that showed a net loss of $\frac{1}{4}$ point for the year can scarcely be considered a lively mover. Lehigh Coal & Navigation, however, ranked 20th among the largest percentage losers, with a decline of 2.3% and a net loss of $\frac{1}{4}$ point at 10 $\frac{1}{2}$.

Another issue, Fifth Avenue Coach, joined the group with a net decline of $\frac{7}{8}$ point. A total of eight stocks ranked among the largest percentage losers, with net declines of 1 to 2 points.

Largest loss among the 20 on a point basis was posted for Wheeling & Lake Erie Railway, down 19 to 110. On a percentage basis, Reliance Mfg. was tops—off 21.1% to 16 $\frac{3}{8}$.

* * *

Advances among the 20 largest percentage gainers were impressive indeed.

Top place was taken by American Motors, up 416.4% at 39 $\frac{3}{4}$. Second place went to Studebaker-Packard, up 395.7% at 14 $\frac{1}{4}$, followed by General Instrument Corp., up 336.1% at 19 $\frac{5}{8}$.

Largest point gain among the 20 was registered by Zenith Radio, up 129 $\frac{3}{4}$ on the year and closing at 194 $\frac{1}{4}$.

Austin-Nichols scored the smallest percentage gain among the top 20—up 194.8% at 21 $\frac{3}{8}$.

Only three issues were up less than 200%. Ten issues advanced more than 200% but less than 300. Seven gained 300% or more.

Once again, the record showed only a scant relationship between volume and volatility.

American Motors and Studebaker-

Packard, it's true, were the two most volatile issues and also the two most active. However, only three others among the 20 most volatile on the upside ranked among the 50 most active issues. Raytheon rated No. 14 in volume, Rexall Drug No. 38 and Elec. & Musical Industries No. 147.

The relationship was even more tenuous among the losers. Chrysler

Corp., was the only issue among the 20 most volatile losers to rate—in 17th place—among the 50 most active.

* * *

The moral of these figures is simple and should be better known: The market never moves as a whole—there are always issues which lag behind the trend or run counter to it. . . .

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GOVERNMENT BONDS

*Results of January Cash Financing . . . Heavy Attrition in
February Refinancing . . . New Cash Offering . . . Treasury Bills
More Costly . . . Open Market Committee—More of the Same . . .
Market Inactive but Lower . . . Outlook*

MURRAY OLYPHANT

So far as the economy of the country is concerned, most developments in recent weeks have continued to forecast further improvement. *But* in the fight against inflation, which has been waged by the Federal Reserve authorities with moderate success, a new danger has arisen in the Battle of the Budget.

The President submitted a balanced budget to Congress for fiscal 1959-60 which was, perhaps, over-optimistic but nevertheless a real effort to bring expenses in line with expected income. This is certainly highly desirable in a period when gross business figures seem to be headed for a new high level.

Congress, however, seemed determined to unbalance the budget without regard to the highly inflationary implications of an indefinite continuance of deficit financing. The attitude of Congress was aided and abetted by the insistence of Labor on pressing for higher wages by threats of strikes. The wage-price spiral continues to threaten a further rise in the price index and a further decline in the purchasing power of the dollar.

Under these circumstances it is quite understandable that there should be a lesser demand for the fixed income available from Government securities and an apparently greater demand for equity securities. Such a situation increases the financing difficulties of the Treasury Department, as witness what happened.

\$3½-Billion New Cash In January

New cash was obtained in January by the sale of \$2,738,000,000

3¼% notes due on May 15, 1960, and \$884,000,000 4% bonds due May 15, 1980. Both were priced at small discounts. A heavy oversubscription for the notes resulted in an allotment of 47% of subscriptions. The bonds received allotments of 70% to the savings investor classification, 35% to commercial banks, and 15% to all other subscribers.

At the time of the offering both issues were cheap in relation to the then market, but it speedily developed that (1) the banks—who subscribed heavily for the notes because of the tax and loan account privilege—got more than they wanted to keep and (2) that the demand for the long-term 4% bonds has been pretty well exhausted with the allotments. As a result both issues declined below their offering prices and as late as February 6 were selling between 99 13/32 and 99 16/32 for the notes and between 99 24/32 and 99 28/32 for the bonds. In the light of the results of the subsequent refinancing, the failure of both issues to rise above their offering prices was quite understandable.

Heavy Attrition in February Refinancing

Having learned from the results of the previous cash offering that demand for anything but a short maturity was nonexistent, the Treasury offered 3¼% certificates 2/15/60 and 4% notes 2/15/62 in exchange for the \$14,800,000,000 mid-February maturities. Of these maturities, \$5,700,000,000 were owned by the Federal Reserve banks, leaving \$9,100,000,000 owned by "all others." What happened?

Holders of over \$2-billion of these

maturities refused to make the exchange for either of the two new offerings, apparently preferring to take cash on maturity and then see what was available in the market. This action was the more surprising as both of the new issues held their market prices above 100 during the period when the quotes were on a "when issued" basis and, by February 6, were priced at 100 3-5/32 for the certificates and 100 2-6/32 for the notes.

The attrition of over \$2-billion threw the previous Treasury estimates of cash requirements out of whack. So much so that a new cash offering of \$1½-billion of 217-day tax anticipation bills was immediately made for subscription on February 11. As banks were permitted to pay for 75% of their allotments by credit to the Treasury tax and loan accounts, full subscription was assured. The new tax anticipation bills were only one week longer than 186-day regular bills which had just been taken on a 3.33% average cost, so a price of around a 3.50% basis seemed likely.

Such an offering, however, inflates the money supply at a time when the monetary authorities are very anxious to avoid anything of the kind, as shown by the testimony of the chairman of the Federal Reserve Board and the Secretary of the Treasury before Congressional committees.

The attrition, which was about 25% of the holdings of all others than the Federal Reserve banks, clearly indicates a state of mind fully expectant of higher returns to be obtained later. Rumors that there

(CONTINUED ON PAGE 19)



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(CONTINUED FROM PAGE 16)

would be a rise in the rediscount rate and in the prime rate for bank loans became common. It is hard to see how the longer-term issues can fail to decline when the short-term issues give an almost equivalent income return. For example, the 4% bonds due in 1980 yield 4.08% at 98 28/32, while the 4% notes due on May 2, 1960, yield 3.93% at 100 6/32.

Bills Cost More

The record of the weekly sales of Treasury bills for January is shown in this table:

| Date of Sale | Amt. Offered (000,000 omitted) | | Aver. Cost | | Spread in Yield |
|--------------|-----------------------------------|-------------|------------|--------|-----------------|
| | 3 mo. bills | 6 mo. bills | 3 mo. | 6 mo. | |
| Jan. 5 | \$1,600 | \$400 | 2.678% | 2.959% | .28% |
| Jan. 12 | 1,600 | 400 | 2.808 | 3.034 | .23 |
| Jan. 19 | 1,400 | 400 | 3.035 | 3.233 | .20 |
| Jan. 26 | 1,400 | 400 | 2.975 | 3.337 | .36 |
| Feb. 2 | 1,400 | 400 | 2.721 | 3.107 | .39 |

Week by week the bill offerings continued to be well taken, largely outside of the banks, whose holdings failed to increase. The spread in yield between the shorter and the longer issues widened over the month and as bidders for the longer issues raised their sights.

There was a reasonable supposition that the Treasury would soon start again getting an extra \$200,000,000 a week in view of the deterioration of the cash position resulting from the excessive attrition in the recent refinancing.

At times some repurchase agreements were recorded in moderate amounts but these had all been eliminated at the end of the month.

Open Market Committee More of the Same

No change whatever took place in the operations of the OMC. From December 31 to January 28, about \$1,300,000,000 of money returned from circulation, but the average amount of the float was several hundred million dollars lower than in the previous month, so that the OMC needed to dispose of only about \$900,000,000 of bills.

At one point a few million dollars of positive reserves made their appearance but disappeared thereafter. The objective of the OMC still seems to be to hold bank excess reserves between nothing and a negative position of around \$100,000,000. Things were made a little easier earlier in



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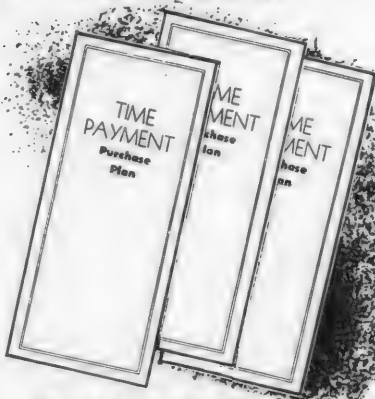
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February, perhaps in aid of the Treasury financing.

Market Inactive and Lower

For most of January nearly all of the Government issues were quoted lower, in some cases recording new low prices. Some improvement occurred at the end of the month and early in February. However, the chief characteristic of the market was its inactivity. Quotes really meant little, especially the bids. The appearance of any sizable block for sale was immediately followed by a markdown in price.

The shorter-term issues churned around as swaps were made for tax purposes, but the high rates on the new Treasury offerings had the effect of lowering the quotations and raising the yields on the previously outstanding issues in the equivalent maturity areas.

Actually, it would not be far from the truth to say that there is little real market for most of the Government list. The average purchaser had decided to play safe by investing in only the shortest maturities. This pretty clearly evidenced the expectation that lower prices and higher yields were probable.

If it is always darkest just before dawn, perhaps one can hope that the atmosphere will get lighter before long, but so far it is hard to see where the dawn is coming from.

Outlook

The banks are quite well loaned up now, and yet they seem likely to have to meet increased demand before long. Loans did shrink during January but not enough to enable the banks to buy more investments.

Savings and investment institutions and funds will continue to have the ability to make increasing investments but can still get better income returns from corporate and municipal obligations and mortgages, the supply of which is still ample, than from Governments.

The perilous state of Treasury finances, with the prospect for continued need for new cash, seems bound to result in still higher rates even in the shortest-term areas. This can hardly fail to have the effect of further lowering the prices and increasing the yields on the outstanding longer-term issues.

To expect any real improvement for a considerable period is to indulge in highly wishful thinking.



Photographed at Better Mobile Home Park, Springfield, Mass.

Growing living trend creates new investment opportunities... **Mobile Home Parks**

**Now 1 out of 10 housing starts is a mobile home.
And, in 1959, 80% of these will be "10-wides,"
demanding new, larger park spaces.**

MOBILE HOME sales contracts cannot be purchased or sold unless there is a place to park this housing. Three years ago no manufacturer was building a mobile home 10 feet wide. Last year more than 60% of the mobile homes built were "10-wides." In 1959, "10-wides" may account for 80% of production.

"Ten-wides," which average 45 to 50 feet in length, are antiquating most of the existing mobile home parks. This coming year alone, it is estimated that 50,000 new parking spaces will be needed.

This new type of mobile home requires an investment of \$1500 to \$2,000 per space in land and construction. It presents an unusual

opportunity for bankers to make sound loans for mobile home parks or courts designed to conform with FHA minimum requirements.

An average 100-space park, costing \$175,000 for land and construction, can provide a net return before taxes of 10 to 14%, depending on the efficiency of its management. But, if 50 to 60% of the cost of construction and land is borrowed at 6% per annum, a 100-space park could net 18 to 22%, before taxes.

INVITATION

You are invited to see the newly-designed model park in our exhibit space at the Installment Credit Conference of the American Bankers Association in the Conrad Hilton Hotel in Chicago, March 9-11.

You can secure additional information there, or by writing to Mr. William W. Welsh, Financial Adviser, Mobile Homes Manufacturers Assn., 176 W. Adams St., Chicago, Ill.



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THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

A MIXTURE of confidence, caution, and uncertainty has dominated the investment markets in recent weeks. Confidence stemmed from the flood of informed opinion that the recovery would continue. Caution and uncertainty stemmed from a variety of factors. They were reflected in both the stock and bond markets.

Traders and underwriters were delighted that the Treasury in its recent financing learned from previous mistakes and did not attempt to offer long-term securities, but stuck to short-terms. Perhaps one reason for this decision was that, in recent weeks, long-term municipals remained sticky and prices had to be reduced to clear shelves of inventories.

Caution and uncertainty developed as the supply of new financing grew larger and larger, either in the planning stage or rumored about to be consummated. In other words, there was apprehension that supply would exceed demand.

This fear was substantiated by the annual study of Salomon Bros. & Hutzler, members of the New York Stock Exchange. (See page 10.) The estimated demand for

long-term funds in 1959 comes to \$24.7-billion. The firm came up with the prediction that about 4% of the demand for new capital will not be available. That amounts to about \$1-billion.

The stock market was bothered by other considerations. These included the possibility of more than 4,000,000 unemployed, for some time to come, to remain on state unemployment rolls. This, in turn, led to the consideration that the anticipation of inflation, as manifested in recent advances of stock prices, might not materialize.

A Cautionary Influence

The stock market is, perhaps, the most cautionary influence today, together with the great selectivity of the recovery movement. The most objective and unemotional opinion of the stock and bond markets may be the composite actions of the investment companies.

Professionals, managing balanced funds, stock funds, and closed-end companies, stepped up their buying of securities and relaxed their selling in the last quarter of last year, against the third quarter.

They bought \$338,400,000 of se-

curities in the last three months, compared with \$334,100,000 in the quarter ended September. They sold \$211,100,000 in the last three months of last year, compared with \$235,100,000 in the preceding three months.

Perhaps the steady influx of periodic investment plans and funds is part of the explanation. The other is that professionals, at that time, still believed the markets were a buy, not a sale. Electric utilities vied with oil securities in the final quarter of last year as favorites. There were also quite a few "rights" offerings in these categories.

The decrease in selling was notable in the utilities group, too. Here, the rising population trend is a decisive factor. There was a decline in profit taking and a willingness to wait for the long-run profit. There was also a little bit more enthusiasm for electronics and electrical equipment securities.

The same can be said for chemicals, machinery, and industrial equipment stocks. Building, construction, and equipment groups were also popular. Furthermore there was no noticeable increase in cash items among the funds, which is usually a warning signal. Depending on prevailing circumstances, more or less full investment positions were maintained. This implies that managers did not fear much of a liquidation. Conversely, they were convinced there was no cause for alarm on an over-all basis.

The Textile Industry

"Revolutionary" is the word for recent developments in the textile industry. One such phase is in the realm of machinery, the other in the field of processing. At any rate, there is great hope that the impact of all developments will revitalize the industry.

Textiles, in all aspects, is one of the oldest industries in the United States. In former days, textiles as well as railroads constituted a sub-

The 1958 Bond Market

SALES of state and local government bonds in 1958 totaled \$7.4-billion, substantially exceeding the previous record of \$7.0-billion established in the recession year of 1954 and the \$6.8-billion sales total of 1957, according to an analysis of the 1958 municipal bond market published by the Investment Bankers Association of America. Reflecting, to some extent, the favorable level of bond prices, municipal bonds were sold at an unprecedented rate during the first half of 1958. Sales for the January-June period totaled \$4.4-billion, which represented a seasonally adjusted annual rate of about \$8.2-billion. Sales during the second half of the year fell off to \$3.0-billion, which represented a seasonally adjusted annual rate of about \$6.6-billion, or close to the 1957 rate.

The value of the contracyclical behavior of municipal bond sales and state and local government construction in a recession, in utilizing for useful projects labor and capital which might otherwise have been idle, can readily be appreciated. But, unfortunately, there is less recognition of the other side of the coin, which calls for some degree of restraint in boom times, at least for the more postponable or marginal types of undertakings.

stantial portion of well run investment portfolios. Textiles were considered gilt-edged at one time.

The struggle for survival began with the introduction of rayon, the first man-made fiber. Silk, wool, and cotton suffered particularly as more and more synthetic fibers made their appearance, and as their qualities were being improved and perfected.

Silk has staged something of a comeback in the luxury field, but wool remains the hardest hit of all three natural fibers. Cotton, it is hoped, will show an improvement of appreciable proportions.

New Machine, Processes Are "Revolutionary"

The new developments include a loom without shuttles. It was perfected by Draper Corporation in New England and will make most other looms obsolete. Indeed, obsolescence has plagued the industry for years, along with lack of money and lack of customers.

Other new machinery includes attachments to old looms and brand new equipment which has been developed by Within Machine Works in Massachusetts.

On the processing front, Deering Milliken & Co., one of the country's leading textile firms, announced a new "revolutionary" process for finishing cotton.

Chemical and mechanical techniques actually change the molecular structure of the fiber and make it resistant to creasing even when wet. Thus, housewives will be able to wash draperies, bed sheets, and cotton dresses and use them, after drying, without ironing.

In this way, cotton goods, it seems, will now definitely move in the drip-dry area in which synthetics have had the lead for many years, beginning with nylon. More

than 1,000 American mills are engaged in processing cotton.

The biggest firms combine three major functions. They process cotton from the raw product to finished consumer goods. They are gray goods processors who spin the fiber into the basic cloth and they finish, dye, and bleach gray cloth. They are also converters who cut, style, and merchandise yardages for specific markets.

American industry turned out some 9-billion linear yards of cotton in 1958, worth about \$3.5-billion. This represented a drop of about 7% from 1957 and of 13% from 1956, the peak peacetime year.

More than half of the output was consumed by the apparel industries. About 30% went into household goods, and the balance represented industrial consumption for such various goods as commercial filters and automobile upholstery.

In recent years, competition has been very keen. Paper and burlap have invaded the field of bag fabrics, even the apparel lines. This shaved the share of cotton used from 355,000 bales in 1951 to under 155,000 bales last year. Its share of the total market for fibers has dropped from 85% to 65% in the last 30 years.

Overseas competition has been another thorn in the side of producers.

Imports of cotton goods come largely from plants built with foreign aid funds, and they boast newer and more up-to-date machinery than the average domestic plant.

In 1947, the index of textile productivity stood at 100, and industry sources say it was 99 in 1958. The over-all productivity index of the U. S., at 100 in 1947, stood at 143 in 1958.

The industry is now vigorously fighting this recent recession of its own. The marginal operations have fallen by the wayside.

Much internal overhauling has been done, which in some cases has increased productivity per worker nearly 20%.

Some mills report they have cut by almost one-third the number of steps needed to produce certain yarns. This stepped-up productivity enabled the industry to raise wages in recent weeks, which was the first real increase in pay since 1956. Thus, things seem to be looking up. If they do, the investment markets will be ready to help.

Booklet on Municipal Bonds

A NEW booklet on the subject of municipal bonds has just been published by Mercantile Trust Company, St. Louis. Titled *A Collection of Ten Pamphlets on Municipal Bonds* it was written by William Sharpe, vice-president who heads the bond department of the bank, and was produced by the advertising and public relations department of the bank.



Foreign Exchange Bank



★ OVERSEAS OFFICES ★

New York, Rio de Janeiro, São Paulo
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★ SUBSIDIARY ★
THE BANK OF TOKYO TRUST COMPANY
New York

***** Heard Along Main Street *****

*This department is compiled by
 MARGUERITE BECK of BANKING.*

For space reasons, BANKING regrets that it must arbitrarily limit, in any one issue, the number of items used covering important personnel changes in the banks of the country. Many must be held over.

About People

MARION H. LILES becomes board chairman, emeritus, First National Bank and Trust Company of Macon, Ga.; CHARLES E. NEWTON, JR., becomes board chairman and trust officer; TOM E. GREENE, JR., from executive vice-president to president, succeeding H. P. FLEMING, who, of retirement age, continues as advisory committee chairman; ELMO L. DRAUGHON becomes executive vice-president.

At Citizens and Southern National Bank, Atlanta, Ga.: HUGH W. FRASER, from vice-president and comptroller to executive vice-president, Citizens and Southern Holding Company; Mr. FRASER will become Citizens and Southern Small Business Investment Company president when it is organized. JOSEPH A. HALL, III, vice-president, goes from deputy comptroller to comptroller, succeeding Mr. FRASER; WALTER S. CHEW, C & S Macon, becomes vice-president; NEIL A. STOKES, JR., Columbus, joins the bank as a vice-president.

BENJAMIN N. JOHNSON, becomes board chairman and principal executive officer, Second National Bank of Richmond, Ind., succeeding ERNEST Z. ELLEMAN, who retires. JESSE O. PARSHALL, from executive vice-president to president and chief executive officer.

GERALD H. SMITH, from assistant vice-president, Bank of the Southwest, Houston, Tex., and organizing

David M. Kennedy Becomes Continental Illinois Chairman

DAVID M. KENNEDY, member of the A.B.A. Government Borrowing Committee, who was president of Continental Illinois National Bank and Trust Company of Chicago from 1956 through 1958, has become board chairman and chief executive officer of that bank, succeeding WALTER J. CUMMINGS, who was named chairman of a newly-created executive committee.



W. J. Cummings



D. M. Kennedy

Richard A. Aishton Mark W. Lowell



At the same time, RICHARD A. AISHTON, member of the A.B.A. Advisory Committee on Special Activities, who was senior vice-president, becomes president succeeding MR. KENNEDY. MR. AISHTON, along with MARK W. LOWELL, vice-president and executive trust officer, has also been elected director of the bank.

officer, Chimney Rock National Bank and Gulf Coast National Bank, Alameda, to vice-president, Continental Bank and Trust Company, Houston.

CARL L. PHILLIPS, president, National Bank of Washington, Tacoma, retires April 1; GOODWIN CHASE, executive vice-president, will succeed MR. PHILLIPS.

GEORGE M. BRAGALINI rejoins Manufacturers Trust Company, New York City, as vice-president. MR. BRAGALINI is former N. Y. State Tax Commissioner, City of New York treasurer, and acting postmaster.

K. L. MEYER, JR., becomes vice-president, First National Bank and Trust Company, Muskogee, Okla.

H. E. SWEDBURG, from vice-president and general loan officer, American National Bank, to president, First National Bank of Woodbine, Iowa.

RAYMOND E. STOCKER, MALCOLM M. CLARK, both become vice-presidents at First National Bank of Arizona, Phoenix.

H. AUSTILL PHARR, president, First National Bank of Mobile, Ala., is elected "Mobilian of the Year" by "Mobile Civitan Club."

J. W. MCKINNEY, trust investment officer, becomes vice-president, Palmer First National Bank and Trust Company, Sarasota, Fla.

CLYDE M. JORGENSEN, president, Fourth Northwestern National Bank, Minneapolis, Minn., retires after 48 years in banking.

JAMES S. BUDD, JR., vice-president, Citizens and Southern National Bank, Atlanta, Ga., retires but will retain an office on bank premises.

WALTER CARL LUNDEN, vice-president and credit manager, Exchange National Bank of Tampa, retires after 33 years of service with the bank.

W. G. HALL, JR., becomes assistant vice-president at three banks in Brazoria and Galveston counties of Texas: Alvin State Bank, Alvin, Tex.; Citizens State Bank, Dickinson; and League City State Bank.

Kinnamon New President Hunterdon County National

WILLIAM J. KINNAMON has been elected president of Hunterdon County National Bank, Flemington, N. J., succeeding the late George K. Large, who died December 24. Mr. Kinnamon had been executive vice-president of the bank. (Picture on page 81.)

D. Howard Moreau, a director of the bank and publisher of the *Hunterdon County Democrat*, has been made chairman of the board, and Edwin K. Large, also a director, has become vice-chairman. Both posts are newly-created.

Charles W. Fouts, vice-president and assistant trust officer, has been named executive vice-president. Sidney Kirschen, a law associate of the late Mr. Large, has become a director.

Mr. Kinnamon has been prominent in the affairs of the New Jersey Bankers Association for many years, and was president of the association three years ago.

PAUL C. HASSLER, vice-president and branch manager, First Seneca Bank and Trust Company, Grove City, Pa., retires.

W. R. MURFIN of Murfin Drilling Co. becomes board chairman, Union Stockyards National Bank, Wichita, Kans.

ALEXANDER B. ADAMS becomes assistant vice-president, Bankers Trust Company, New York City.

HARRY HOOD BASSETT, from assistant to president to executive committee chairman, First National Bank of Miami, Fla.; J. Charles McKee, Jr., from auditor to vice-president and personnel officer.

DONALD M. DRESSER, from executive vice-president to president, Toledo (Ohio) Trust Co., succeeding JOHN T. ROHR, who becomes board chairman. W. W. KNIGHT now becomes honorary chairman.

J. BEATTY ALEXANDER, ERNEST H. BAYER, RUDOLPH A. BIBOROSCH, HENRY S. FAUS, all become vice-presidents at First Pennsylvania Banking and Trust Company, Philadelphia.

March 1959

STEEL STRONG[®] IS THE NAME TO INSIST UPON IN COIN HANDLING PRODUCTS

THE QUALITY IS SUPERIOR
... THE SERVICE GREATER



AMOUNT
AND WINDOWS
ALWAYS
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AUTOMATIC COIN WRAPPERS

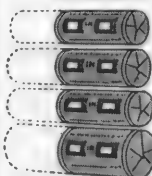
... ARE SO ACCURATE
MISTAKES ARE IMPOSSIBLE

None other so accurate. They wrap all coins from 1c to \$1.00 so accurately ... made by a special machine that affords this unusual precision ... any chance of error is eliminated! Patented Red Windows, revealing amount and denomination, afford "ease of visibility." They're unequalled by competition.

THIS IS AMERICA'S NO. 1 SELLER

'KWARTET' COIN WRAPPERS

A SUPERIOR HALF-SIZE WRAPPER



A single wrapper designed to wrap pennies, nickels, dimes and quarters in HALF SIZE packages. Tapered or gummed edge. Printed in 2 colors. Made of highest quality Kraft stock for greater strength.

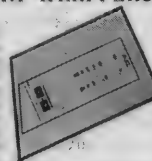
RAINBOW COIN WRAPPERS

The Teller immediately identifies the denomination of contents by color of wrapper ... red for pennies, blue for nickels, green for dimes, orange for quarters, yellow for halves, gray for dollars, prevent transposition. Indicia designated by figures. With tapered edges.



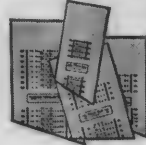
'DUZITALL' COIN WRAPPERS

Designed for West and Southwest, extra wide and strong they fill the need in those sections where it is the practice to wrap \$20.00 in halves instead of the customary \$10.00. They wrap all standard quantities of coins in regular packages. In double size package for halves. With tapered edges. 1,000 to a box.



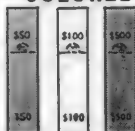
OLD STYLE COIN WRAPPERS

Made of Kraft stock that is 10% to 30% stronger, hence afford greater protection from breakage if packages are dropped or roughly handled. Indicia, figures and letters printed in standard colors for triple designation and greater speed in handling. With tapered or gummed edges.



QUALITY BILL STRAPS

COLORED BILL STRAPS

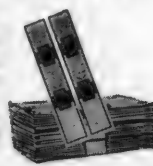


EXTRA STRONG, 66 lbs. Also a favorite with Banks ... extra strong ... in 7 standardized colors for quick identification of package.

They are 1 1/2" wide affording ample space for marking and stamping. Colored Kraft prevents transposition.

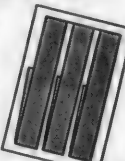
FEDERAL BILL STRAPS

50 Lb. Tensile Strength Made so extra strong of quality Kraft paper, they afford a breaking strength of 50 lbs. per sq. inch, hence they protect longer. Normal and reverse figures, with color for (12) denominations, revealing value of package regardless of the position.



BANDING STRAPS

Better Than Rubber Bands They're ideal for packaging currency, deposit tickets, checks, etc. Much better than rubber bands as they will not break or deteriorate with age. Size of band, 10 in. x 1/2 in. Made of strong brown Kraft with gummed ends. Packed 1,000 to a carton.



TELLER'S MOISTENER

Speeds up Teller's counting and banding of currency. Moisture for finger tips, capillary pad for Bill Straps, in just the right amount of moisture. Made of plastic, in rich mahogany finish.

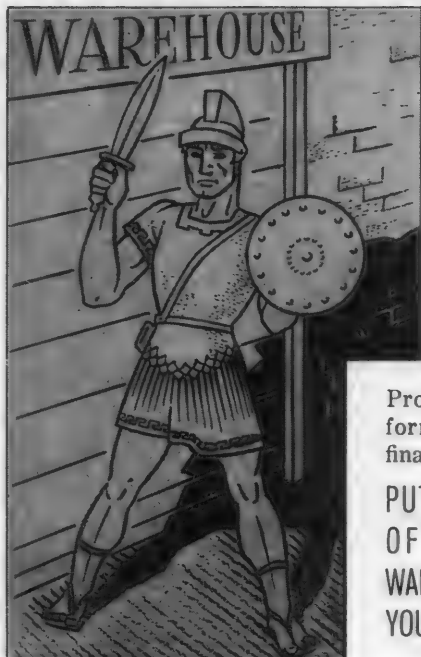


Sponge For Fingers. Pad For Bill Straps.

The C. L. DOWNEY CO.
HANNIBAL, MISSOURI

Send For FREE SAMPLES
Dept. A

when you're looking for **LOAN PROTECTION**



call
your
SLT
man!

Protection is found in many forms, but when it comes to finance, it pays to

PUT THE ADDED SECURITY
OF ST. LOUIS TERMINAL
WAREHOUSE RECEIPTS BEHIND
YOUR BANK'S LOANS...

More and more banks are using SLT Warehouse Receipts to increase protection on *present loans*... and *new loans*. Almost any kind of marketable inventory, backed by SLT receipts, becomes sound collateral.

Your SLT Man will be happy to explain how to put this time-proved, bank-proved method to work *protecting* your loans. Call him now at the office nearest you.

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6688 Pearl Road
DALLAS, TEXAS
5526 Dyer Street
HOUSTON, TEXAS
1213 Capital Avenue
JACKSON, MISS.
414 South State Street
KANSAS CITY 11, MO.
4550 Main Street

LITTLE ROCK, ARK.
802 Rector Bldg.
LUBBOCK, TEXAS
822 Lubbock Nat'l Bank Bldg.
MEMPHIS 4, TENNESSEE
2065 Union Avenue
NEW YORK 4, N. Y.
Room 818, 11 Broadway
ST. LOUIS, MO.
926 Spruce Street
SAN FRANCISCO, CALIF.
1515 Sloat Blvd.
TAMPA, FLORIDA
32-A Western Union Bldg.
WICHITA, KANSAS
723 South Broadway

Evans Woollen, Jr., Dies A.B.A. President, 1948-49

Evans
Woollen, Jr.



EVANS WOOLLEN, JR., 61, who was president of the American Bankers Association during 1948-49, died January 25 in an Indianapolis hospital. Mr. Woollen, board chairman at American Fletcher National Bank and Trust Company, Indianapolis, Ind., was at the time of his death a member of the A.B.A. Executive Council, the Administrative Committee, and the Trust Education Committee of the Trust Division. He had been vice-president of the Trust Division, 1945-46, and president, 1946-47; A.B.A. vice-president in 1947, and president during 1948-49. Following this, he was on the Advisory Committee on Special Activities and chairman of the Economic Policy Commission.

Mr. Woollen is survived by his wife Lydia; two sons, Evans, 3rd, and Jameson; and a daughter, Katherine.

DAVID L. GROVE becomes vice-president, Bank of America, Calif.

DONALD I. ROGERS, business and financial editor, *New York Herald Tribune*, becomes trustee, Union Dime Savings Bank, New York City.

JOHN K. METZGER, JOHN F. CREAMER, MARSHALL H. COLBY, all assistant vice-presidents, become vice-presidents, Marine Midland Trust Company of Central New York, Syracuse, N. Y.

ARTHUR J. MENZIES, from assistant cashier to cashier, First National Bank of Omaha, Nebr.

BEN F. HOPKINS succeeds LORING GELBACH as president, Central National Bank of Cleveland, Ohio; MR. GELBACH continues as chairman and chief executive officer.

ERNEST T. BAUGHMAN and ROBERT C. HOLLAND, both from assistant vice-president to vice-president, Federal Reserve Bank of Chicago, Ill.

(CONTINUED ON PAGE 31)



* Shortest distance between
dictation and the mail chute -
the modern Royal Electric!

NEW GUARANTEE! Famous Royal *reliability* is now backed by a unique *one-year guarantee*. Fewer interruptions... faster, easier work... and lots more of it every day!

MATCHLESS REPRODUCTION! No faint, heavy or jagged characters. You get *perfection* in print every time.

EASIER OPERATION! Exclusive Magic® Margin and Twin Pak®—the instant-changing ribbon fingers never touch—spare muss and fuss, save time and cut fatigue.

FREE TRIAL, BETTER TRADE-IN! Call your Royal Representative for a free demonstration today. You'll find him listed in the Yellow Pages of your phone book. Your old typewriters are worth more than you think in trade.

* CANTERBURY PICA, one of 74 Royal type styles.
Pick the one that reflects the character of *your* business.



Now guaranteed for a full year, there are already more Royal Typewriters in office use than any other make.

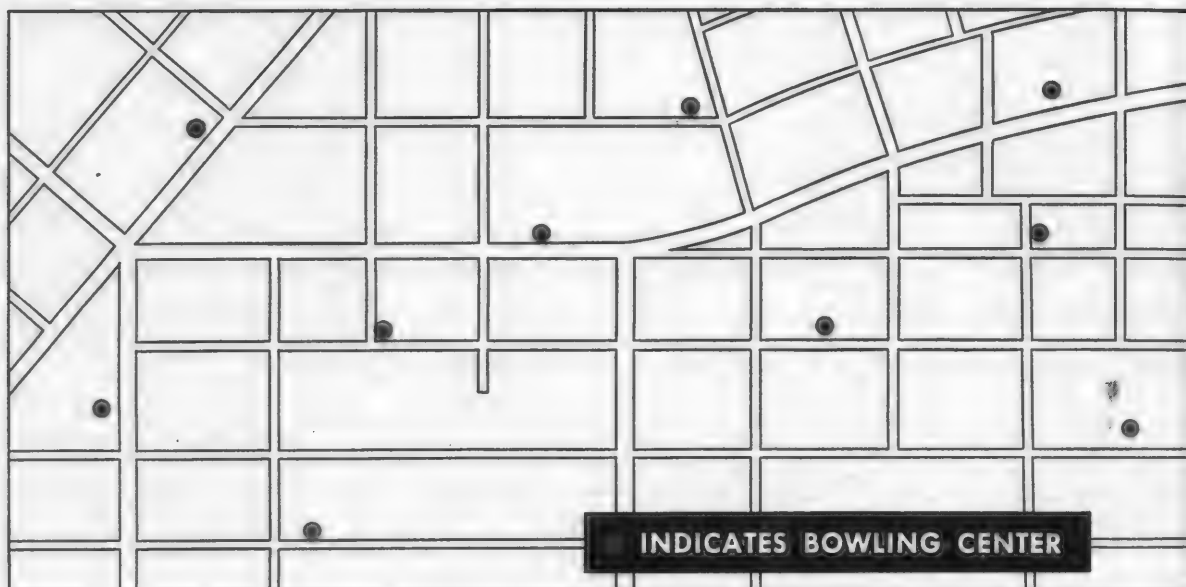
the business-minded **ROYAL®** *electric*

Product of Royal McBee Corporation, World's Largest Manufacturer of Typewriters.

One of a series by the Company whose success depends on proprietor success.

How much

on a new bowling center in this area?



Through its leasing of Automatic Pinspotters, AMF has been able to compile statistical information never before available to the bowling industry.

Lineage reports from proprietors representing nearly 40,000 bowling lanes prove that four elements are essential for the successful operation of a bowling center:

1) **Competent Management.** Successful business experience is a prerequisite to successful operation. (AMF offers without charge a top-flight course on "Modern Business

Management of a Successful Bowling Center." The course is staffed by leaders in the field of bowling.)

2) **Suitable Location.**

- a) The bowling center should be located in an area where a minimum of 1,000 population per lane is within the general shopping area of each existing and proposed establishment.
- b) The bowling center should be at least two miles from any existing or proposed center. Exceptions to this rule can

Mortgage

be made only when a detailed analysis has proved that a definite need for additional lanes exists. In such cases the population of the shopping area should be well in excess of 1,000 per lane for all existing and proposed establishments.

3) **Modern Equipment.** AMF Automatic Pin-

spotters, in conjunction with AMF bowling lanes and associated equipment, best fulfill this requirement for successful operation.

4) **Proper Financing.** The modern bowling center cannot be under-capitalized. The proprietor should have a minimum of 25% equity in the bowling equipment.

In this series of advertisements, AMF has undertaken the task of educating new investors for their own protection and that of the entire bowling industry. There is an imperative need in the bowling industry for a reliable source of information for would-be investors.

AMF and its Franchised Dealers are actively seeking new locations and individuals meeting the requirements described above. Financial institutions contemplating the advancement of

mortgage money for new bowling centers are urged to communicate with AMF for reliable information.

Since AMF leases Automatic Pinspotters, the prosperity of each AMF-equipped center is of continuing, vital concern to the Company. This fact is a tremendous added safeguard from which proprietors and lending institutions alike can benefit.

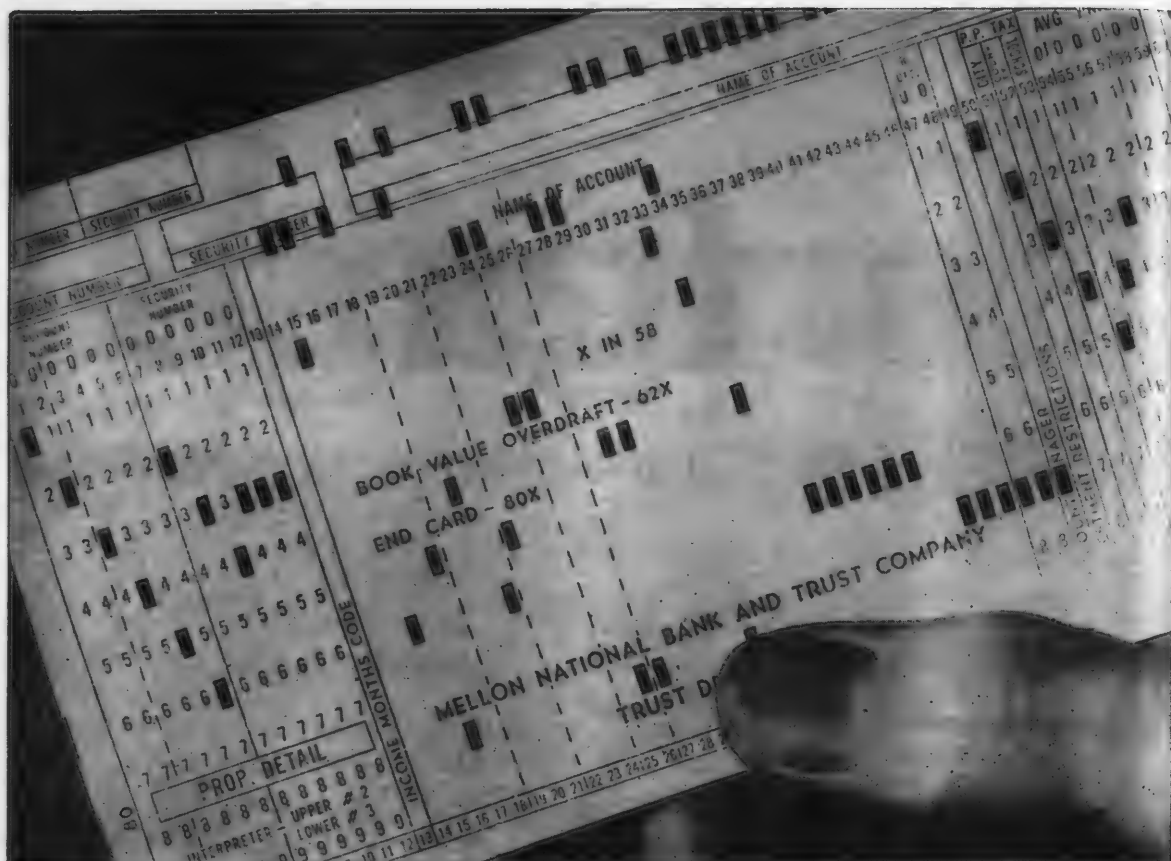
AMF PINSPOTTERS INC.

Subsidiary of AMERICAN MACHINE & FOUNDRY COMPANY
AMF Building • 261 Madison Avenue, New York 16, N. Y.

Be sure to see "Bowling Stars" every week on ABC-TV, sponsored by your "Magic Triangle" proprietor in cooperation with AMF.

BOWL WHERE YOU SEE THE





Small windows...with a big view for bankers

Through these windows you can see banking's answer to the growing problems of handling an ever-increasing volume of business. The magic of automation—punched cards, magnetic tapes and electronic data processing—has brought split-second accuracy to bank accounting.

Hardly a day goes by that some visiting correspondent doesn't ask to see our automated departments, where electronic machines post complex trusts and simple installment loans... even making out the paychecks of the operators who feed them. Certainly not to be classed as "machines that think" (for which we are thankful), they do exercise "judgment" to call attention to any transaction out of the ordinary. The result is accuracy with speed that no man could equal.

It's easy to understand our visitors' high interest and, of course, we're proud to show off the fact that, as one of the nation's leading independent banks, we are also among the foremost in automation. But the question that stumps us regularly is, "How big must you be to make it profitable?"

Intensive study of our departmental requirements has brought us to this obvious fact: There isn't any rule to be applied across the board. Every bank's requirement for automation seems to be as individual as its president's shoe size.

Of this we are certain: Almost every bank can improve its operation with modern banking machines. The critical decisions revolve around which steps require automation, which types of equipment could serve best—and the timing.

While we admit we can't offer pat answers, perhaps we can help with background information to make your decisions easier, surer. So don't hesitate to discuss automation with us before you decide. We'll not recommend any brand of equipment... but there is a wealth of experience here which we'll gladly share.

Do we have a hidden motive, an axe to grind? Well, yes. It's our firm belief that whatever helps banking helps Mellon Bank—and that a healthy exchange of ideas is an important part of correspondent bank relationships.

MELLON NATIONAL BANK AND TRUST COMPANY
CAPITAL & SURPLUS \$250,000,000

PITTSBURGH, PENNSYLVANIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Main Street

(CONTINUED FROM PAGE 26)

RUTH O. HOWE, from assistant vice-president to vice-president, Connecticut National Bank, Bridgeport; M. LOUISE MOREHOUSE, trust officer, also becomes vice-president.

JOHN K. THOMPSON, board chairman and chief executive officer, Union Commerce Bank, Cleveland, Ohio, retires but remains executive committee chairman.

MILTON C. STOCKER, from assistant vice-president to vice-president, Peoples Trust Company of Bergen County, Hackensack, N. J., succeeding VICTOR D. BANTA, who retires; ROBERT J. ACHESON, from assistant vice-president to vice-president.

RICHARD E. FISTER, trust officer, St. Louis (Mo.) County National Bank, also becomes vice-president.

JAMES H. PARK, from assistant vice-president to vice-president, First National Bank, Dothan, Ala.

HUGH V. MURRAY, director and legal counsel, becomes president, Old National Bank of Centralia, Ill., succeeding HARRY KOHL, who becomes board chairman.

FELIX T. MCWHIRTER becomes president, Peoples Bank and Trust Company, Indianapolis, succeeding his father, FELIX H. MCWHIRTER, who becomes board chairman; NEAL GRIDER, from executive vice-president,

to executive committee chairman; FRANCIS POLEN, from vice-president to executive vice-president. C. M. STECKEL, from cashier to vice-president.

FREDERICK O. GLASOE, from vice-president to president, Fourth Northwestern National Bank, Minneapolis.

WILLIAM A. DEWEES, Peoples Bank and Trust Company, Waterloo, Ia., retires.

ETHLEEN LASSITER, from assistant trust officer to trust officer, First National Bank of Atlanta, Ga. MISS LASSITER, former Atlanta Chapter, A.I.B. president, is past chairman, National Women's Committee, and associate councilman, A.I.B.

ROY M. WEAVER becomes assistant cashier, 1st National Bank and Trust Company of Paterson, N. J.

HAROLD F. HEINECKE, from assistant vice-president to vice-president, Crocker-Anglo National Bank, San Francisco, Calif.

NORVAL H. CURRENCE, from vice-president to executive vice-president, First National Bank of Casper, Wyo.; ROBERT E. BRYANS, from vice-president to executive vice-president; HENRY A. HITCH, JR., becomes assistant cashier.

ALFRED M. OLSEN, cashier, also becomes vice-president, Lafayette National Bank of Brooklyn, N. Y.; FRANK M. MURPHY becomes vice-president.

New A.B.A. Member: Sidney, Ill., Gets its Own Bank



Sidney (Ill.) has its own bank again after several years without one. Bryan Cole, left, president, and G. Robert Edward, center, cashier, receive the bank's A.B.A. membership card from A. B. A. regional vice-president, Wendell B. Trenchard, president of DeLand (Ill.) State Bank

**FOR THE BANKER
WHO WANTS TO PERFORM
A BETTER SERVICE WITH
A MINIMUM OF EFFORT**

Here's a Complete Insurance
Package assuring uniformity
of coverage, designed especially for Mobilehome
contracts

**THAT TAKES SO MUCH LESS
OF YOUR TIME TO HANDLE**
it's actually revolutionary!

AND IT DOES EVERYTHING!

ALL MOBILEHOME COVERAGES.

complete Physical Damage including VSI, 30 Day Trip, Collision, etc. . . . Credit Life, Accident & Health.

NATIONWIDE CLAIM SERVICE.

we have over 1,000 claim representatives in the area we service . . . all 48 states, U. S. territories and possessions.

AUTOMATIC COVERAGE.

protection starts the very minute the loan is approved.

FAST CLAIM SERVICE.

within one hour after a loss is reported to us, the claim is assigned to a representative in the vicinity by long distance telephone so satisfactory settlement can be effected at once.

MARKET SECURITY.

we represent several major stock specialty companies . . . with complete underwriting authority.

CLAIM PAYING AUTHORITY.

the insurance companies have confidence in our ability, based on over 30 years experience, so you will be dealing direct with the individual approving the claims.

Write today for complete and factual information

**MOBILE
HOME AGENCY, INC.
UNDERWRITERS**
Glendale 9-4196 Keeler Bldg. Grand Rapids 2, Mich.
**INSURING MOBILEHOMES FROM COAST
TO COAST IS OUR ONLY BUSINESS**

Mobile Home Sales—a Financing Opportunity

Progressive bankers are finding the mobile home industry a fertile field. 1958 sales of approximately \$560-MILLION are more than double the retail sales figure of nearly \$246-MILLION in 1951 — a remarkable 6-year growth! The speed with which this volume growth is being achieved is evident in records that show sales practically tripled in less than ten years!

And with 75% to 80% of all new mobile homes sold on a financed basis, the present and future opportunities for the financial factor are obvious.

Most Owners Prefer Their "Mobile" Housing

In a continuing MHMA survey, 19 out of 20 mobile home owners state that they definitely prefer living in a mobile home, as compared to apartments or other "conventional" housing. And 60% of those purchasing new mobile homes said that they had owned mobile homes previously.

Most owners find the well-planned compactness of their mobile homes a means to increase recreation. With fewer maintenance and upkeep chores the family is free for relaxation and outside activities. Although the average mobile home is moved only once in every twenty months, owners enjoy the freedom of *knowing* that they can move their homes easily, if they choose, to another climate or job site.

Variety of Citizens Enjoy Mobile Living

According to MHMA statistics, the mobile home population breakdown is as follows: 55% are professional or skilled workers; 20% are Armed Forces personnel; 10% are occupied by retired people.

About 8% of mobile homes sold are in use as field offices, banks, schools, etc.; students and vacationers comprise the remaining 7%. The average income of the mobile home family is \$1,000 above the national average income!

Stability is the keynote—75% of mobile home owners are registered voters and 60% attend community churches. And their local purchases average more than \$200 monthly.

THESE INFORMATIVE HIGHLIGHTS ON ONE OF AMERICA'S IMPORTANT INDUSTRIES ARE PRESENTED IN THE HOPES OF BETTER UNDERSTANDING OF MOBILE LIFE . . . BY

FOREMOST INSURANCE COMPANY

Grand Rapids 3, Mich.

No. 1 SPECIALIST IN
MOBILEHOME PROTECTION

DELMAS A. MAUER joins Central Valley National Bank, Sacramento, Calif., as vice-president.

EDITH M. MARTIN, trust officer, from assistant vice-president to vice-president, Fidelity Trust Company, Pittsburgh, Pa.

WILLIAM J. BENNETT, from vice-president, Industrial Bank of Commerce, New York City, to general manager, Heating Acceptance Corp., Holland, Mich., which finances installment sales originated by its parent company, Holland Furnace Company, Inc. Mr. Bennett has been in consumer credit fields for 25 years.

CHARLES W. BITZER, from president to board chairman, City Trust Co., Bridgeport, Conn.; ROBERT H. WHITNEY, from first vice-president to president.

JOHN J. MAY, from vice-president to executive vice-president, First National Bank, Kansas City, Mo.; ARDEN BRUCH, J. W. PENISTON become vice-presidents.

BRUCE BAIRD, president, National Savings and Trust Co., Washington, D. C., also becomes board chairman; DOUGLAS SMITH, vice-president, becomes executive vice-president.

SAMUEL T. NORTHERN, from senior vice-president to president, National Bank of Commerce, Norfolk, Va., succeeding JOHN S. ALFRIEND, who continues as chairman and

chief executive officer; R. COSBY MOORE, senior vice-president becomes executive vice-president.

GEORGE R. HERZOG, from vice-chairman to chairman, Union Commerce Bank of Cleveland, Ohio, succeeding JOHN K. THOMPSON, who becomes executive committee chairman.

J. W. MCLEAN becomes president, Texas National Bank, Houston, succeeding HARRIS MCASHAN, who becomes vice-chairman; R. D. RANDOLPH, senior vice-president, also becomes vice-chairman.

CALVIN C. BOLLES, vice-president, Connecticut Bank and Trust Co., Hartford, retires.

EBBE S. EBBESON, ALFRED E. ROWE, both assistant vice-presidents, New England Trust Company of Boston, become vice-presidents.

DEWITT A. FORWARD, senior vice-president, and ALAN H. TEMPLE, executive vice-president, both become additional vice-chairmen, First National City Bank of New York; BASCOM H. TORRANCE, vice-president, becomes senior vice-president at the bank's affiliate, First National City Trust Company.

HAL BEYER, from assistant cashier to cashier, American National Bank of Fort Lauderdale, Fla.

ARCHIE D. SWIFT, 67 years a banker and 42 years with Central-

"The Banker and His Wife"

"The Banker and His Wife"—This full-color, 3-dimensional reproduction of the famous painting of the 15th Cent. Flemish master Quentin Metsys won the Gold Medal High Award at the recent Brussels World Fair. It was Antwerp diamond exporter Joachim Goldenstein's exhibit of fine diamonds in an artistic setting. Admiring the exhibit are Baron Moens de Fernig, commissioner general of the Fair, left, and right, Moeller de Ladderous, honorary Vice-Governor General of the Belgian Congo



State Association President Dies at Office

John A. Terrill



JOHN A. TERRILL, 56, president, New Hampshire Savings Bank, Concord, president of the New Hampshire Bankers Association, and member of the executive council of the A.B.A. Savings and Mortgage Division, died at his office in early February.

At the time of his death, Mr. Terrill was a director of Mechanics National Bank, Concord, member of the legislative council, Mortgage Bankers Association of America, and officer and board member of many other organizations and businesses.

Penn National Bank of Philadelphia, retires as board chairman, but remains as board member.

C. A. DOWNHEIMER, C. E. SCHAEDEL, R. M. CLARK, W. L. SMITH, E. H. DUMONT, A. W. MARTEN, all become vice-presidents, Cleveland (Ohio) Trust Company.

THADDEUS R. BEAL becomes president, Harvard Trust Company, Cambridge, Mass., succeeding ROBERT R. DUNCAN, who becomes board chairman and chief executive officer; RICHARD W. FRENCH becomes assistant treasurer.

F. L. GAUTHIER becomes executive vice-president, Guaranty Bank and Trust Co., Lafayette, La.; GEORGE ARCENEUX becomes senior vice-president and cashier; CLAUDE ARCENEUX, JOSEPH P. ARCENEUX, ARTHUR BROUSSARD, CALVIN GUIDRY, all become vice-presidents.

JOHN A. OWENS, from assistant vice-president to vice-president, Stockyards National Bank, Wichita, Kans.; GORDON R. SMITH becomes assistant cashier.

WILLIAM E. PERRY, comptroller, now also first vice-president, Northeastern Pennsylvania National Bank and Trust Company, Philadelphia.

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COMPANY _____

STREET _____

CITY _____ ZONE _____ STATE _____

B-3

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ROBERT C. BAKER becomes president and chief executive officer, American Security and Trust Company, Washington, D. C., succeeding DANIEL W. BELL, who is reelected board chairman.

RANDOLPH HUGHES, Delaware State Bank Commissioner, becomes president National Association of Supervisors of State Banks, succeeding WILLIAM A. BURKETT, formerly California Superintendent of Banks, who resigns from NASS presidency.

DR. GEORGE HANC, from economist, A.B.A.'s Economic Policy Commission and Department of Monetary Policy, to associate economist in research department of National Association of Mutual Savings Banks.

JOHN J. MCCLOY, chairman, Chase Manhattan Bank, becomes member, Federal Advisory Council, Second Federal Reserve District.

REUBEN R. CARTER, from secretary to vice-president, Trenton

(N. J.) Saving Fund Society; ROBERT E. LANE, from controller to vice-president.

ROBERT H. BLACK, from cashier to executive vice-president, First National Bank and Trust Co., Woodbury, N. J.

EDWARD N. DEAN, from vice-president and cashier to executive vice-president in charge of operations, First National Bank of Jersey City, N. J.; HAROLD E. MCCAUSLAND, from assistant vice-president to cashier.

DONALD SLATER, from assistant vice-president to vice-president, National Newark (N.J.) and Essex Banking Co.

F. GLENDON HALL, senior vice-president, trust officer and director, City Trust Co. of Bridgeport, Conn., retires after 46 years of service.

GEORGE E. DUTTON, JR., trust officer, becomes assistant vice-president, Bank of Delaware, Wilmington.
(CONTINUED ON PAGE 37)

Annual Report Gets 4th Consecutive Yearly Award

William G. Brumder, president, Wisconsin Bankshares Corp., and his prize-winning annual report. These awards were presented by the magazine *Financial World*



It's been quite some time since a security analyst has had to request any data from Wisconsin Bankshares Corporation for prospective investors.

The annual report which William G. Brumder, president of the corporation, creates each year is dedicated to "communicating all the pertinent facts about our organization in a manner in which they will be clear and easily understood."

He's proud of the four bronze

plaques which the reports have earned, representing awards for the best annual report of financial organizations, since it means that the reports are doing an effective job of clearly telling Bankshares' 7,000 stockholders and others all they ought to know about the corporation.

Mr. Brumder is also president and board chairman of First National Bank of Milwaukee, principal member of the corporation.

Main Street

(CONTINUED FROM PAGE 34)

JOHN S. FITCH, BERNARD J. HAGERTY, both become vice-presidents, Peoples National Bank of Charlottesville, Va.; WALTER M. KINDRICK becomes assistant cashier.

WALTER M. DEAR becomes board chairman, Trust Company of New Jersey, Jersey City, succeeding PAUL BESTOR, who retires but remains a director; ROBERT J. ADAMS, from vice-president to executive vice-president and director; WILLIAM T. SHARLOW, from assistant treasurer to second vice-president.

Dr. HAROLD A. LOWY becomes president, Community Bank of East Peoria, Ill., succeeding the late HARRY LOTZ.

WALTER L. HARTMAN, from assistant vice-president to vice-president, Mercantile National Bank of Miami Beach, Fla.; LOUIS C. ADELSON becomes chairman of advisory committee.

JAMES C. DINKELACKER, vice-president, becomes administrative vice-president, Security National Bank of L. I., Huntington, N. Y.; EMIL M. KEEN becomes vice-president in charge of planning and construction.

ERNEST W. WAKEFIELD, from assistant vice-president to vice-president, Bank of America, San Francisco.

J. SINCLAIR ARMSTRONG, from Assistant Secretary of the Navy to executive vice-president, United States Trust Company, New York City.

SIDNEY B. CONGDON, board chairman, National City Bank of Cleveland, Ohio, becomes member of American Bankers Association's Economic Policy Commission; also becomes board member, National Industrial Conference Board, and chairman, University Circle Development Foundation's board of trustees.

ARTHUR M. SMITH, from executive vice-president to president, Bank of Nevada, Las Vegas, succeeding SPENCER L. BUTTERFIELD, who remains on bank staff in advisory

capacity and as a director; C. E. SUTHERLAND becomes executive vice-president.

J. RAMON KEEFER, from controller, Appliance Wholesalers, to Security Bank of Oregon, Portland, as head of public relations and business development.

AUGUST J. BICK, senior trust officer, Fifth Third Union Trust Company, Cincinnati, Ohio, retires after 38 years of banking; WILLIAM A. RECKMAN, vice-president, retires after 50 years of banking.

ELWOOD SWITZER becomes vice-president and comptroller, Central Bank and Trust Company, Miami, Fla.; JAMES HARRIS becomes vice-president.

JOHN SIMMEN, from executive vice-president to president and chief executive officer, Industrial National Bank of Providence, R. I., succeeding T. DAWSON BROWN, who becomes board chairman.

ALBERT O. JOHNSON, from vice-president, Templeton, Dobrow &

Vance, to fiscal officer, Harlem Savings Bank, New York City.

JOHN W. MCGOVERN, president, United States Rubber Company, becomes board member, Irving Trust Company, New York City.

HENRY S. BRADLEY, vice-president, Manufacturers and Traders Trust Company, also becomes assistant to the bank's president.

JOHN P. MORGAN, II becomes assistant vice-president, J. P. Morgan and Co., New York City; FRANCIS K. GIBBONS becomes vice-president.

HARRY F. ANDREWS, from assistant vice-president to vice-president, Dry Dock Savings Bank, New York City.

HARRY B. WAGNER, vice-president, Old Kent Bank and Trust Company, Grand Rapids, Mich., retires.

PAUL S. BAIR retires as board chairman, First National Bank in Greensburg, Pa., after 48 years in banking.

(CONTINUED ON PAGE 124)

Bank Celebrates Century Mark with Ribbon-Cutting Ceremony



To open the 100th Anniversary Year of Dime Savings Bank of Brooklyn, N.Y., John Cashmore, borough president, cuts symbolic ribbon at bank's main office. George C. Johnson, right, board chairman, and Everett J. Livesey, president, look on. Dime employees Alice Furlong, left, and Elaine Bauer, right, donned costumes of the previous century for the occasion, and bank guards Walter Englehardt, left, and Louis Schimpf, right, wore old time police uniforms.



In the time it took you to sink a putt last night...our night staff processed 2500 cash items

Maybe you figured the nap wrong, and it took you roughly five minutes to stroke a ball firmly into the "cup". During those five minutes, our night staff processed some 2500 cash items. 500 a minute is par for us.

This means that many of the checks air-mailed to us in the afternoon are available

funds by the following morning.

Our correspondents from coast to coast find this speed a very important advantage. You and your customers will, too.

We'll be happy to send you full details, or have one of our people drop in at your office in person. Call us at STate 2-9000.

**CONTINENTAL ILLINOIS NATIONAL BANK
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The OUTLOOK and CONDITION OF BUSINESS

THE outlook favors steady improvement in business generally, but recovery seems to lack driving power.

For several reasons, mainly two, the climate of public opinion is not just right for full confidence.

The Dollar and the Communists

There is worry about the dollar and worry about Russia and no unity on the importance of the problems or how to cope with them. Regarding both problems there are differences and contradictions so deeply imbedded in our intellectual and political life that they cannot easily be resolved.

There are those who honestly believe that we can spend our way to a sound dollar and those who believe this is reckless nonsense. There are those who do not think a stable dollar is especially important and then there is a great majority who do not know what they believe.

There are those who consider the economic challenge of communism a matter of national life and death. Yet there are those in public life who have chosen this critical moment in history to punish our biggest and most productive business organizations, our chief hope of victory in the cold war.

We spend more billions for defense than ever before, while our highest courts show a marked tendency to favor the very forces against which we are supposed to be defending ourselves.

These contradictions highlight the thing we need so much at this time, and that is a common faith and purpose in waging the fight against communism. We should get together and find some way to use fully our prodigious capacity of machinery, money, and manpower.

Stating the problem is too often confused with stating the solution, because it is easier to say what should be done than how to do it.

Gross National Product

The Gross National Product is a handy but deceptive statistic. The Secretary of the Treasury has estimated a figure of \$470-billion for 1959, which assumes a slight rise in prices. This is an average of \$470-billion for the year and would require a rate of \$480-billion in the fourth quarter, compared with \$451-billion in the final quarter last year in 1958 prices.

This assumes that the recovery rate this year will be about the same as last. The chief factors of last year's recovery were Government spending, consumer spending, and business spending.

Federal spending reached a peak in the final 1958 quarter and is not likely to go above that for a year or two, unless Congress drastically changes the President's budget. State and local government spending is not expected to rise much this year.

Consumer expenditures are high and likely to continue upward. Housing had a tremendous increase in the last quarter of 1958 but, with FNMA's secondary mortgage market exhausted, this part of recovery history is not likely to repeat itself this year. In figures, housing contributed about \$20-billion to the rise in GNP during 1958 and will probably contribute about half that much this year.

The consumer contribution depends much on the automobile outlook, and this remains unclear, with more and more evidence that estimates will have to be revised downward.

Business investment in plant and equipment was one of the minus factors in last year's GNP and may rise a little this year, although there is still much unused capacity.

Per Capita, Per Dollar, Per Steak, Per House

There is another aspect of these big fat national indicators that needs more attention, and that is their
(CONTINUED ON PAGE 140)

More Than Ever, Get Together

Statesmen of a previous generation loved to talk about our manifest destiny. What we need is more manifestation of unity, and destiny would take care of itself.

Washington

Mr. Robertson Takes Over; Mr. Spence's Subcommittees; Mr. Eisenhower's Budget

THOMAS W. MILES

THE man who was the author of the ill-fated but nonetheless monumental Financial Institutions Bill in the last Congress is the new chairman of the Senate Banking and Currency Committee. He is Senator A. Willis Robertson of Virginia.

When he came to the Senate from the House more than 12 years ago to fill the unexpired term of the great Carter Glass, he requested—and was granted—assignment to Senator Glass's committees, Banking and Appropriations. With frank admiration, Senator Robertson is following in the tradition of Carter Glass.

It is curious that each rose to head one of these committees: Senator Glass, Appropriations, and now Senator Robertson, Banking. Even more curious is the fact that Chairman Glass of the Appropriations Committee made his reputation in the field of banking associated with the creation of the Federal Reserve Act.

Concepts Remain

Were it not for the singular situation in the House last year, Senator Robertson would today be known as the author of the greatest single piece of banking legislation in our time—certainly the greatest since the Federal Reserve Act—the Financial Institutions Bill. But even though the effort did not result in law in the Congress in which it was introduced, the concepts worked out in it for bringing banking legislation up to date will not be lost.

Senator Robertson became chairman of the Banking Committee through a chain reaction in the seniority system set off by the decision of Senator Theodore Francis Green of Rhode Island to resign as chair-

man of the Senate Foreign Relations Committee, January 29. Senator J. W. Fulbright of Arkansas, chairman of the Banking Committee, was also the ranking member under Senator Green on the Foreign Relations Committee. Under Senate rules Senator Fulbright could not be chairman of two committees.

So the former Rhodes Scholar elected to give up his Banking Committee chairmanship for that of the Foreign Relations Committee, continuing, however, as a member of the Banking Committee. Senator Robertson, as the next ranking member of the Banking Committee, stepped up.

A "Big" Virginian

What kind of a man is this 6'2" Virginian who will head this committee post so important to the banking community?

This correspondent, who has known him for a number of years, paid a special call on him at his office in No. 105 Senate Office Building. Senator Robertson is happy about his appointment and especially pleased about the congratulations he has received from his friends in the banking industry.

If any label would stick to such a rugged individualist, it would be that of "conservative." Senator Robertson is definitely conservative in domestic policies, including banking matters and Federal fiscal affairs. But in reciprocal trade and foreign aid he supported the policies of Presidents Roosevelt and Truman. His thinking about foreign aid is changing. It should be cut, he told BANKING. More and more of it should be handled by the Interna-

tional Monetary Fund and the World Bank. And the additional funds provided for the Fund and Bank should be deducted from the aid funds.

As for banking legislation, Senator Robertson feels that the Senate has labored and produced but that the House has failed to follow through. He is inclined to let the House take the initiative this session.

Senator Robertson will support efforts to put the brakes on Federal spending and live within the precariously balanced budget proposed by the Administration for 1960. It follows that he will oppose the depressed areas and communities facilities bills. He voted against the omnibus housing bill.

That tells enough about his economic and political views to show that he will at least give careful consideration to pleas that bankers may make. What about Senator Robertson the man?

A big man, muscular and with little excess weight, Senator Robertson has a deep sonorous voice which is well adapted to the classical oratorical style in which he believes public speeches should be made. He keeps himself trim with regular setting-up exercises and pursues the rugged sports of upland bird hunting and fly-fishing.

Wildlife Conservationist

These two sports made a conservationist of him. He was head of the Virginia State Commission of Game and Inland Fisheries for six years, and for 12 years he was chairman of a House Select Committee on Wildlife Conservation. He was co-patron of the Pittman-Robertson Act to provide grants in aid to states for

upland game. What this activity meant to him is summed up in this paragraph from a talk:

"My wildlife conservation work is the happiest I have attempted to do. While my time and efforts in the Congress have been devoted primarily to taxation, foreign trade, banking, currency, and allied economic problems, I would be happy if history records my efforts in behalf of conservation as being a worth-while contribution to my day and generation."

In 1932 he was elected to the 73rd Congress and won successive elections until 1946, when he was elected to the Senate. While in the House he had the distinction of serving on the Way and Means Committee.

Small-staffed Office

Despite the importance of his position, Senator Robertson runs his Senate office with one of the smallest staffs on the Hill. It consists of his administrative assistant, Warren A. McNeill, his secretary, Frank Stratton, and five clerks and stenographers.

They and the Senator work a rough schedule, 9 A.M. until 7 P.M., when not especially busy, but the schedule is much longer when the work piles up in legislative log-jams. Usually they put in a full Saturday, too.

Senator A. (for Absalom) Willis Robertson is the son of a Baptist preacher of Albermarle County, Va. He was named for his mother's father, Absalom Willis, who was one of five surviving out of a family of 10 boys, all of whom fought for the Confederacy in the War Between the States.

The Senator still holds the Virginia shot-put record, which he won at Richmond College. He was elected to Phi Beta Kappa by Richmond and took his law degree there. He was later awarded honorary doctor of law degrees both by Washington and Lee and by Richmond. He entered politics as a state senator in Virginia and later became commonwealth attorney in Rockbridge County.

Senator and Mrs. Robertson live in Lexington. But while Congress is in session the Senator usually lives in a hotel near the Senate Office Building. This accounts for his habit of going back in his off-hours to his Senate office to read.

In the Senate the composition of the Banking Committee is 10 Demo-

crats and five Republicans. (In the House it is 19 to 11.) The Senate committee has four new members: Senators Robert C. Byrd of West Virginia, Harrison A. Williams of New Jersey, and Edmund S. Muskie of Maine, all Democrats, and Jacob J. Javits of New York, Republican. Senator Javits was named to the committee to replace Senator Kenneth B. Keating of New York who was on for about a day and resigned to go on the Judiciary Committee.

The House Banking Committee has 10 new members. They are: Representatives Joseph W. Barr of Indiana, James A. Burke of Massachusetts, William Moorhead of Pennsylvania, Clement W. Miller of California, and Byron L. Johnson of Colorado, all Democrats; and Paul A. Fino of New York, Florence P. Dwyer of New Jersey, Edward J. Derwinski of Illinois, Seymour Halpern of New York, and William H. Milliken, Jr., of Pennsylvania, all Republicans.

There was an important new development in the organization of the House Banking Committee. In response to many pressures Chairman Brent Spence of Kentucky agreed to the appointment of three standing subcommittees in addition to the Housing subcommittee. Mr. Spence appoints the members of the Housing Subcommittee (headed by Representative Albert Rains of Ala-

bama) in accordance with the resolution of the House. The House also appropriates funds for the Housing Subcommittee to conduct studies.

The Power of the Chair

Until recently Mr. Spence was understood to have resisted the subcommittee idea. So too have a number of chairmen down through the years, including Jesse P. Wolcott, who now heads the Federal Deposit Insurance Corporation. They feared—and with some justification—that it would undermine the power of the chairman. And committee chairmen in Congress are very powerful men.

But the way this was worked out allows Chairman Spence to retain control. All that he loses is putting in time at some of the hearings, which may be tedious anyway. The committee's resolution on the subcommittees says this:

"Each of the three standing subcommittees appointed pursuant to this resolution shall be authorized to hold hearings and report to the full committee on such matters as the chairman of the full committee may refer to the subcommittee.

"Each of the three standing subcommittees appointed pursuant to this resolution shall be composed of six members of the majority party and three members of the minority. The chairman and the ranking

An Uphill Fight

SPEEDY Congressional approval of housing legislation, with consequent broadening of the Federal Government's activities in the housing field was foreseen by Ben C. Corlett, senior vice-president of the American Bankers Association in charge of its Washington, D. C., office, in an address before the Regional Savings and Mortgage Conference of the American Bankers Association in Cincinnati.

The net effect of housing legislation to be passed at an early date, he said, "will be to accelerate and broaden the Federal Government's activities in the housing market. Advocates of free enterprise principles face an uphill fight in endeavoring to give practical effect to those principles."

Urging bankers to inform themselves and take a personal interest in the work of the Congress, the A.B.A. official said:

"Right or wrong—whether we like it or not—Federal legislation directly affects both the scope and the quality of banking services. The Congress will continue to make important decisions in this field. Certainly, we have a responsibility to present as effectively as possible the experiences and beliefs which we feel should go into these decisions.

"It is significant, in my opinion, that the various segments of private industry occupy differing and, in some instances, contrary positions in this field of Federal legislation. Indeed, some of the current proposals which we believe are unnecessary and potentially harmful have been vigorously advocated by private industry groups. The fact that these same groups subscribe outwardly to the principles of free enterprise does not diminish the supporting role they are playing in the trend toward ever greater power in the Federal Government."



ROBINSON IN THE INDIANAPOLIS NEWS

minority member of the full committee shall be members ex officio of each standing subcommittee, with the right to vote."

The committees are numbered 1, 2, and 3. Mr. Spence will head Subcommittee No. 1, and Representatives Paul Brown of Georgia and Wright Patman of Texas, as the next ranking members on the committee, will head, respectively, Subcommittees 2 and 3.

The subcommittees do not have names. That would tend to fix the type of legislation they would handle. Mr. Spence is free to assign to any one of the committees any matters which within his discretion it should consider. He would also assign staff assistance.

But it could well be, as the session goes on, that Mr. Spence's Subcommittee No. 1 would be considering banking and savings and loan matters or community facilities. Mr. Brown's Subcommittee No. 2 would likely get national bank legislation. And Mr. Patman's Subcommittee No. 3 would be concerned with small business legislation and possibly distressed areas.

1st Session's Prime Concern

Almost all of the issues in this First Session of the 86th Congress are related in one way or another to the continuing problem of inflation. President Eisenhower's Budget Message and his 1960 budget were the Administration's answer to the control of inflation. That has been variously praised and assailed.

Critics, such as the *Washington Post and Times-Herald*, characterized the budget as "a prescription for private bloat, public stagnation, and general peril." Others argued it emphasized monetary stability over human want.

But the Administration is sticking to its guns, not even wincing at the needling. Secretary of the Treasury Anderson and Budget Director Stans are carrying the ball. President Eisenhower himself has indicated he might take to the road to bring home to people the perils of inflation.

Secretary Anderson warned the Joint Economic Committee: "If we run continuing large deficits in prosperity and so almost inevitably drive up prices, we may price ourselves out of world markets. Aside from the losses that this will mean to us, how are we to discharge our worldwide responsibilities if our international economic position weakens?"

Budget Director Stans went out to Detroit to plead for "the old-fashioned common sense virtues of prudence, restraint, and thrift, coupled with a little more wisdom." He pointed out:

"For the facts are that we can practice these and still be militarily strong, still fulfill our responsibilities of free world leadership, and still provide progressive programs for growth and development at home."

Mr. Stans agreed with some business critics of the budget that it could not be looked upon "as crip-

pling, restricting, or weakening" Federal activities. But, he asked, what would the budget look like if the Government undertook to satisfy all demands at once. His answer was, "Beyond description." He distinguished between the desirable and the necessary.

In the exchanges the budget-balancing forces in Congress have begun to make the term "spender" hurt. The spenders are taking great pains to show that their proposals are not going to add much to the 1960 budget.

By the time this is published the issue over the omnibus housing bill will probably have been settled. The Senate passed by a vote of 60 to 28 a \$2,675,000,000 bill, topping the Administration's own program by \$1-billion over a 6-year period. The House bids fair to liberalize that.

Moving right along behind this housing bill is a \$465,000,000 airport aid bill far surpassing the Administration's request. There are some crumbs tossed out along the way to sustain the President's economy drive. But the idea is to confront the President with two bills, not just the housing bill.

If the President vetoes them and the bills are passed over his veto, his power, implicit in the veto threat, is broken for the time being at least. That threat is a brake, as the fulminations of Senate Majority Leader Johnson against it indicate. One can't say more because the mood of Congress can change markedly, as witness the spending spree that followed the economy drive of 1957.

Higher S&L Insurance

One of the items knocked out of the omnibus housing bill was a provision doubling Federal Savings and Loan Insurance Corporation coverage from \$10,000 to \$20,000 per beneficiary. At the same time, Mr. Rains of the House Subcommittee on Housing announced that he will submit this proposal in a separate bill, including the Federal Deposit Insurance Corporation. This measure would have a good chance of passage, too, in the House, but some difficulty in the Senate.

Cowles Andrus, chairman of the Committee on Real Estate Mortgages of the A.B.A.'s Savings and Mortgage Division, testified against the proposal as departing from the

basic purpose of FSLIC insurance, "protection of the small account holder."

Mr. Andrus who is senior vice-president of the New Jersey Bank & Trust Company in Passaic, pointed out that, under the present \$10,000 coverage, between 97% and 97½% in dollar amount of savings capital in the insured associations is fully covered by insurance.

Mr. Andrus also testified before the Senate Banking Committee that the A.B.A. recommended maintenance of present maximum loan limits for FHA mortgage insurance programs and repeal of the requirement that the FNMA purchase certain mortgages at par.

Against Higher FHA Limits

"Although there are presently no proposals for material increases in loan-to-value ratios or lengthening of maturities of FHA insured mortgages, some of the bills before this committee would increase maximum loan limits for most of the FHA mortgage insurance programs," Mr. Andrus said. "Presumably, these higher loan limits are in recognition of the higher cost of land and residential construction. However, by making larger loans eligible for FHA insurance, funds may be diverted to such loans which would otherwise go into the financing of lower-cost homes. It is our understanding that the objective of the

FHA program, particularly in recent years, has been so far as practicable to channel funds into the financing of lower-cost homes for people of moderate means, and it would seem that increased loan limits would tend to defeat this objective."

The report of the FDIC to insured banks at the end of 1958 estimated that "about 98% of the accounts in insured banks have balances of \$10,000 or less and are fully protected by deposit insurance, while the amount of insured deposits is slightly less than three-fifths of total deposits."

Curtis Bill

As Representative Thomas B. Curtis of Missouri introduced again this year his bill to "equalize" the taxes of mutual savings banks and savings and loans with commercial banks, he commented in *The Congressional Record*:

"I want to make it clear that my purpose in introducing a specific bill was and still is to have something specific for the Ways and Means Committee to consider. In suggesting that the 12% tax reserve fund be changed to 5% I am wedded to no figure.

"If hearings developed the fact that more than 5% is required, I would be interested in using that figure. Certainly savings and loan and mutual banks are entitled to some differential which reflects their



Julian H. Zimmerman, new Federal Housing Commissioner, succeeding Norman P. Mason, who becomes Housing and Finance Administrator. Mr. Zimmerman is a native of Wichita, Kansas

actual needs for reserve accounts to insure the safety of their investors. On the other hand, that figure should be realistic, as should all differentials placed in our tax code."

No hearings have been scheduled by House Ways and Means on this bill. In view of the Administration's pressures to meet the totals anticipated in the budget it is doubtful that the bill will get very far in this first session at least.

Mr. Patman's Resolution 50

One hears little about Mr. Patman's Resolution 50 for a Select Committee on Monetary and Debt Management Policies. But then the matter of the big investigation of money and credit that Majority Leader Johnson talked about last fall in Texas has not been settled, either. And it is believed that the decision on Mr. Patman's resolution is contingent upon that. One thing is settled. That is that Senator Paul H. Douglas of Illinois will head the Joint Economic Committee which Mr. Johnson mentioned to conduct the study. Mr. Johnson had in mind a study such as the famous one made by the Temporary National Economic Committee in the Thirties, headed by Senator Joseph C. O'Mahony of Wyoming. Mr. Johnson cited his name and it might still come about that Senator O'Mahony would head such an investigation as head of a subcommittee.

(CONTINUED ON PAGE 114)

Members of the Two Banking and Currency Committees (new members in *italics*)

| HOUSE | | SENATE | |
|--------------------|--------------------------|------------------|-----------------------|
| <i>Democrats</i> | <i>Republicans</i> | <i>Democrats</i> | <i>Republicans</i> |
| Spence, Ky., Chrm. | Kilburn, N. Y. | Robertson, Va., | Capehart, Ind. |
| Brown, Ga. | McDonough, Calif. | Chrm. | Bennett, Utah |
| Patman, Tex. | Widnall, N. J. | Fulbright, Ark. | Bush, Conn. |
| Rains, Ala. | Hiestand, Calif. | Sparkman, Ala. | Beall, Md. |
| Multer, N. Y. | Bass, N. H. | Frear, Del. | <i>Keating, N. Y.</i> |
| Addonizio, N. J. | Siler, Ky. | Douglas, Ill. | |
| Barrett, Pa. | <i>Fino, N. Y.</i> | Clark, Pa. | |
| Mrs. Sullivan, Mo. | <i>Mrs. Dwyer, N. J.</i> | Proxmire, Wis. | |
| Reuss, Wis. | <i>Derwinski, Ill.</i> | Byrd, W. Va. | |
| Mrs. Griffiths, | <i>Halpern, N. Y.</i> | Muskie, Me. | |
| Mich. | <i>Milliken, Pa.</i> | Williams, N. J. | |
| Ashley, Ohio | | | |
| Vanik, Ohio | | | |
| Healey, N. Y. | | | |
| Rutherford, Tex. | | | |
| Barr, Ind. | | | |
| Burke, Mass. | | | |
| Moorehead, Pa. | | | |
| Miller, Calif. | | | |
| Johnson, Colo. | | | |

Give the Lady What She Wants

The author is vice-president of the Commercial National Bank of Peoria, Ill.

THE title* of this article is the familiar slogan of a widely known department store. And, according to three panelists from the distaff side at a recent conference, it should be the battle-cry of every bank hoping to grow and prosper.

The setting was the seventh annual business development conference of the Illinois Bankers Association held January 26 in Springfield.

In the order of their appearance, the panelists were Miss Jessamine Durante, business development department, Harris Trust and Savings Bank, Chicago; Mrs. Lois Busch, assistant cashier, Beverly Bank, Chicago; and Miss Lucille Rottner, public relations department, La Salle National Bank, La Salle.

*Used by permission of Marshall Field & Company, Chicago.

GEORGE M. WASEM

With womanly constancy, they advised as follows:

MISS DURANTE: "Calling on the woman customer is an activity long neglected by banks. However, I'm happy to say that more and more of us are doing it and are finding the results rewarding.

"Since 1956, the Harris Bank has had a program of calls on women customers. The calls are made by women staff members.

"The first call is a 'get-acquainted' visit. We attempt to learn if our service is satisfactory. We leave printed material about our services, plus a purse-size checkbook, which is very popular.

"Follow-up contacts are made, and, as the relationship is developed, we suggest the many ways Harris is able to serve her.

"Other important parts of the program include an invitation to lunch, calls or letters on account

anniversary dates, and mailings of bank publications."

MRS. BUSCH: "To learn how to serve our women customers more efficiently, I decided the best way to acquire that information would be to ask some of our women customers."

(At this point Mrs. Busch played tape recordings of replies to the question, "What do you expect from your bank?")

MRS. SCHINDLER: "I like to feel that my bank transactions are in good hands."

MRS. HUNTINGTON: "We expect a bank to be a safe and courteous place to do business."

MRS. PAXSON: "I expect my bank to have patient and understanding people to help me."

MRS. OWEN: "Well, I think we just take it for granted that we have absolute safety for our money."

MRS. MALLOY: "I enjoy the friendliness of the employees and the officers."

One Bank's Program for Reaching Women

The final presentation was made by Miss Rottner, who said: "Our bank has long recognized that women are very much interested in finance and money management. We have had a women's financial forum. We sponsor Welcome Wagon, and these calls are made on the home-maker. Women on our staff are active in such organizations as the Business and Professional Women's Club. We offer personalized checkbooks in colors and styles that appeal to women. When we remodeled our bank, we used the services of a leading woman interior decorator to make the surroundings appealing to women. All these things have helped us in contacting women customers and prospects."

A male-dominated audience of about 200 loudly acclaimed the panel's contribution, and the subject continued to be discussed during the balance of the one-day conference.

(CONTINUED ON PAGE 120)

With Moderator Walter J. Charlton, vice-president, First Trust & Savings Bank, Kankakee, are shown three ladies who know what the lady wants. They are, *left to right*, Miss Durante, Miss Rottner, and Mrs. Busch. They were the panelists on the program described here



Canada Heated by U.S. Friction

THE Canadian Parliament reopened on January 15 and the government announced a heavy agenda, including some matters which will have a direct bearing on American investors, including bankers. The program has come under strong attack by the Opposition which, while limited in numbers, has able leadership. But the government, with an overwhelming majority, can pass any legislation that it wishes.

One piece of legislation is certain to be passed; namely, the establishment of a National Energy Board as recommended a few months ago by a royal commission. However, this is not likely to have such broad powers as the commission thought necessary; particularly authority to grant, revoke, or suspend licenses to import and export oil, natural gas, and other forms of energy.

Canada Claims U. S. Suit Infringes on Her Sovereignty

One matter on which all parties are united is that an antitrust suit brought by the Department of Justice, Washington, constitutes infringement of Canadian sovereignty. The suit named a number of Canadian companies, subsidiaries of American corporations, which had given radio and television patent rights for the manufacture of these appliances in Canada.

Widely different opinions on this matter are held in Washington and Ottawa as a result of a discussion recently between the U. S. Attorney General and the Canadian Minister of Justice, although an understanding was reached on prior consultation in the event of a similar situation arising in the future. The consultation agreed upon will be designed to explore ways and means of avoiding such situations. It was made clear, however, that each government would have to reserve its ultimate responsibility to decide for itself what action it should take.

The Canadian view was that, unless the United States used the restraint suggested, action interfering with Canadian commerce within Canada could only be based on the

unacceptable proposition that foreign subsidiaries of the U. S. parent companies are merely projections of U. S. trade and commerce, and are subject to U. S. policy in priority to laws and commercial interests of the countries in which the subsidiaries are incorporated and operate.

More Cause for Resentment

The discussions stemmed from a U. S.-Canadian cabinet committee meeting on trade and economic affairs. They also followed from growing resentment in Canada against what has appeared from time to time to be U. S. influence on Canadian subsidiaries against trade with communist China. These frictions have been superimposed on those resulting from recent American import quotas; notably on oil, lead, and zinc of which Canada has large exportable surpluses. Moreover, there is still dissatisfaction in this country on the American policy of wheat marketing by barter deals and blocked currency arrangements with countries short of American dollars.

Defense Plans Stir Protest

The hottest debates in Parliament are apt to be on Canada's North American defense participation with the United States. Since 1951 Canada has spent about \$15-billion for this purpose and the most she has to show for this relatively vast amount is a good armament industry, including excellent engineering, research, and technical capabilities, particularly for new aircraft. Some years ago the former Liberal government committed \$400,000,000 for the designing and construction of a supersonic plane. After successful tests it was claimed to be the best of its kind in North America.

A few months ago, when this project was ready for full production, the present government suspended further work until it reached a definite decision by March 31 on whether the machine was necessary for continental defense or should be replaced by missile weapons, probably the American Bomarc. Immediately there was strong protest

against the breaking up of the large and highly qualified organization assembled for the aircraft industry.

But it looks now as if the Canadian defense industry has been firmly committed to integration with the U. S. Already, steps are being taken in the United States as well as here to cut in Canadian plants on some of the production required for the immediate task of extending the Semi-Automatic Ground Environment for air defense in both countries. A few Canadian firms have already secured contracts in the United States. Some subsidiaries of U. S. companies are being fed more work by the parent companies. Canada's Department of Defense Production is seeking openings for other Canadian plants with the capacity to fill suitable orders.

Canadian Budget Will Hit an All-Time High

Plans for the biggest spending program in Canada's history have been revealed in Parliament. Estimates for the next fiscal year, commencing April 1, point to total expenditures exceeding \$6-billion, notwithstanding some reduction in controllable items. Yet, according to a statement by the Minister of Finance accompanying these estimates, the government has been careful not to add or extend a program which would build up overhead without creating immediate employment or sacrificing essential public services.

Accordingly, it seems that the government is turning from an overriding unemployment relief policy to deal with inflationary pressures, much like those in the United States. In that respect the government would be following advice from many business and financial authorities, including most Canadian bankers.

An interesting sidelight in the financial sphere and indicative of the flight from the American dollar is the recent listing and trading in Canadian gold bars on the Toronto Stock Exchange, with purchases from the United States accounting for the largest proportion of several million dollars in such transactions.

BETTER METHODS & SYSTEMS

The Auditor's Job in the Computer Era

E. T. SHIPLEY

WITH the gaining popularity of electronic computers and electronic data processing, the role of the auditor, together with his methods and procedures, invites a review and an analysis. Regardless of the accounting methods used and the accounting area covered, the basic function of the auditor remains unchanged. The need for a continued examination of records and the review of results continues to be of extreme value in a well managed organization. The human element in the accounting function is as important as ever, and as long as this human element is present the need for well thought out and orderly audit practices is essential.

Auditor's Job Eased

With the development of electronic processing systems, many of the clerical tasks are eliminated, and because of the high degree of accuracy of this new equipment, the attendant clerical errors are likewise minimized. This, in itself, removes from the auditor's job much of the redundant, repetitive checking heretofore required.

While it is possible for the machines to exercise some degree of control, these controls can never take the place of those provided by the auditor. Controls within the machines fall into two groups: those incorporated in the machine by the manufacturer and those programmed into the machine by the user. In the origination of programs, the auditor can make a major contribution to this second group.

In the control of source docu-

ments, the auditor can be assured that the data entering the machines are authentic and in proper form. It is generally accepted that one of the greatest possibilities of error in electronic data processing lies in the possibility of the entry of incorrect source data into the system. The computer, working upon incorrect basic data, can compound errors with terrifying speeds. It follows, therefore, that, above all else, control of the information must be established at its source. It must be ascertained that data entering the system are both correct and valid. Some internal controls which have been applied in this area include the registration of source documents at the point of entry, prenumbering and sequential use of entry tickets, and the establishment of predetermined proof totals of information entering the system.

Divide and Protect

As with other forms of accounting, a division of responsibility and authority provides a degree of protection. Control totals established by groups other than those operating the data processing center is one example of this division of responsibility. The operation of the data processing center as a service organization, providing accounting services to all departments throughout the bank but with no access to the actual assets of the bank, provides a similar division of responsibility.

Two theories have been advanced with regard to the audit phase of computer operations. The first of these, and one which was strongly advocated in the early days of com-

puters, was that the computer itself must produce records similar to those produced under manual methods to permit a continuance of the audit methods and procedures in effect prior to the adaptation of the operation to the machine. The second theory, and one which today is proving its worth, is that for maximum efficiency audit techniques must be adapted to the most satisfactory computer programs.

The Easy Way

Under the first theory, of course, we are assured of a continuation of existing audit standards which, if deemed satisfactory prior to electronic data processing, should certainly prove equally satisfactory through subsequent operations. Such a theory is an extremely comfortable one from the auditor's viewpoint in that it involves no retraining of auditors and involves no disruption of existing schedules and routines. Unfortunately, following such a theory will doubtless impair the efficiency of the computer, eliminating many economies which could be effected and, in all probability, limiting the results of which the computer is capable.

And the Hard

On the other hand, the second theory involves a complete revision of the audit performance and the audit schedules. New procedures and an operating knowledge of computer programming techniques are essential if satisfactory controls are to be maintained. Following such a theory, however, results in obtaining the

(CONTINUED ON PAGE 130)

13 Ways To Test Credit

KEY steps in conducting loan investigations, primarily for typical retail or small manufacturing short term credit, were outlined by Joseph J. Kaberna, vice-president, The First National Bank of Chicago, for that institution's correspondents. He discussed, in particular, 13 fundamental tests of a borrower.

(1) Is the management honest? There's no degree of honesty; it is absolute to the banker and must have no taint.

(2) Is the management capable? Can it cope with problems, can it plan and carry through? Does it operate on a budget and if so, how closely have the results compared with the projected figures? When performance is below expectations, are steps taken to find and correct the cause?

(3) Is there depth in management? No man is indispensable; if a business is to continue, successors to those now in command must be currently trained.

Environment of Business

(4) What about the location of the business? Is it in a good part of town? Readily accessible to customers and employees? Is it in a trade area that's improving or deteriorating? Is the city progressive, seeking new industry—or is industry moving away?

(5) What is the trend of general economic conditions? Does management recognize that they have a decided effect on the business, and is it prepared to meet the situation?

(6) Is the loan for a proper purpose? Are the funds to be used for normal requirements, to carry inventory and accounts receivable, or for some special purpose? How does management anticipate liquidation of the loan? If for fixed assets, has long-term financing been considered?

(7) Is it possible to repay the amount requested within the period for which it is borrowed? Borrowings for seasonal requirements should be completely liquidated at the completion of the seasonal cycle. If not, the company may need additional equity capital. All com-

panies should be on a budget, thus indicating, among other things, the ability to liquidate borrowed debt.

(8) Is working capital adequate (after allowance for past due receivables and obsolete inventory) to provide reasonable protection for creditors? How "reasonable" depends on the line of business, particularly where there is a wide fluctuation in inventory values. In some companies—oil producers, for instance—this may not be evident from the balance sheet as the real inventory is not visible and is not included in the figures until produced.

How About Net Worth?

(9) Is there enough net worth in relation to the amount advanced by the company's creditors? After deducting goodwill and other intangibles and after considering a sound value of the fixed assets, is the creditor's investment greater than the owners'? If so, the company is over-trading and creditors have a fixed investment in the business. However, during peak seasonal requirements creditors may have advanced more than the equity capital. If this ratio is not reduced during the off-season to a minimum of dollar for dollar, this again in-

dicates the need for additional equity funds.

(10) When was the last Internal Revenue Service examination made; to what date was the last clearance obtained on Federal taxes; and are withholding taxes being paid currently? A tax deficiency, even if assessed several years ago, may indicate the possibility of additional liability on unaudited returns. Sometimes companies do not realize their true liability for withholding taxes and are inclined to use these funds as working capital—a very dangerous practice.

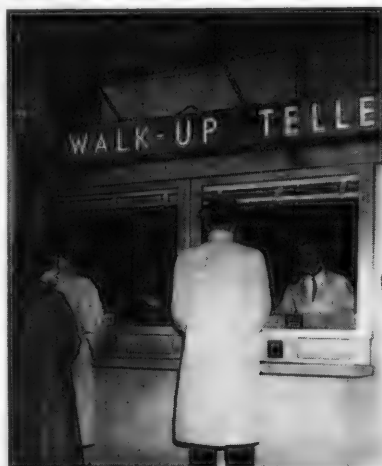
Contingent Liabilities

(11) Are there any contingent liabilities? Some of these, in addition to disputed taxes, law suits, judgments, etc., are: merchandise sold under a warranty or repurchase agreement; sale lease-back contracts outstanding; long-term leases that may be contingent or actual liabilities; acceleration clauses, in long-term borrowing agreements, providing that in the event of default the status of the obligation automatically changes to a current liability?

(12) Are the employees unionized? If so, what is the status of the union contracts? What kind of union does the company deal with? If an employee or independent organization, and if the employees are organized under several unions, there's always the possibility of a jurisdictional dispute. Has the company recognized the possibility of increased wages and/or a strike, and have these factors been taken into consideration in estimating operating costs for the remainder of the year?

Is Insurance OK?

(13) Is the business adequately insured? Against fire on buildings and contents? Is use and occupancy insurance in force and are all employees bonded? If insurance is carried on the principals, is it payable to the business for such purposes as payment of inheritance taxes, offset of possible losses until a successor takes over, or purchase of the deceased's interest?



Harvard Trust Co., Cambridge, Mass., keeps its walkup window customers warm with a new overhead infra-ray heating unit. It resembles a fluorescent lighting fixture

Expenses Pared Are Profits Shared

REALIZING the need to make the entire bank cost conscious, American Fletcher National Bank and Trust Company, Indianapolis, abandoned a flat bonus program and adopted profit-sharing program. The motto now is: "The expenses you pare increase the profits you share."

The plan was reported by Comptroller Roy T. Dilley at a meeting of the National Association of Bank Auditors and Comptrollers in a discussion of increased earnings through cost accounting. This bank now has a department covering that field, and also a system of production analysis that aids in better utilization of the staff.

Handle with Care!

"Production analysis," he said, "requires a reasonable weighting in fractional minutes on all transactions and items handled. The procedure alone is loaded with dynamite if not handled properly. No one likes to have someone standing over him with a stop watch. Realizing this, we purchased several stop watches, distributed them to all offices and departments and, with proper instructions, asked the personnel to make their own timings. They appreciated this confidence and put forth every effort to provide us with a good average weighting. The cost accounting department then took the weightings, as computed by all offices, and determined an average weighting to be used in its analysis."

The Operating Statement

A REMINDER that the operating statement tells the story of how a loan is going to be paid comes from Leland S. Austin, vice-president, National Bank of Commerce, San Antonio, Tex. Too many loans, he says, are still being granted on the basis of only a firm's balance sheet.

The statement, this banker observes, is "the mathematical interpretation of the policies, experience, knowledge, foresight, and aggressiveness" of a company's manage-

ment whose skill is ultimately measured by the net profit or loss.

In a talk to bankers and certified public accountants, Mr. Austin said that public accounting must assume "a full responsibility for the preparation of sound and informative reports on the operations of business."

He called for cooperation between the banking and accounting professions, strict observance of sound principles by the CPAs, fair, impartial analysis of information by the banker, and conscientious leadership in both fields that will meet problems courageously.

Uses for Check Photocopies

IN some banks photocopies of checks are used in connection with lock box deposits and direct dividend deposits.

The former procedure involves corporate rental of a post office lock box, in the account's name, in the participating bank's city. The account owner asks that remittances be sent to this box. The bank has access, opens the mail, removes and credits the checks. Photocopies of all checks, usually 75% to 60% of original size, are sent with the deposit tape to the account. Envelopes and other material with the checks are included. The day's new business can be phoned to the customer each afternoon.

IMPORTANT to the corporate account participating, notes Photostat Corporation, is that working capital can be increased and clerical effort (and consequently costs) decreased. The larger working capital or balance is the number of days normally required to deposit if the checks had gone direct to the corporate account, times the average daily balance. This can approxi-

mate one to three days where the company's office is in the bank's city—even more where the bank is in a metropolitan mail transfer center and the corporation in a suburb.

"SOME corporate accounts have broken down payment points to individual geographic areas," reports Photostat. "For instance, if the home office is on Long Island and 15% of the total business volume comes from Washington and Oregon, a bank account in Seattle could lop off nearly a week in transit and float time. It is obvious, too, that the regional bank's local facilities would be more readily available."

In the direct dividend deposit service the customer authorizes the mailing of all dividend checks to the account at the bank rather than to his home. Two photocopies are made of each item: one is used to credit the account, the other as mail advice to the customer. In some instances only one copy is made; it goes with the statement at the end of the month.

Right, steps in the photocopying process at Harris Trust and Savings Bank of Chicago

Below, a copy of the check becomes the advice to customer of his deposit



CREDIT ADVISE

THIS IS A COPY OF A CHECK CREDITED TO YOUR ACCOUNT

MAY 15, 1958

PLEASE RETAIN FOR INCOME TAX PURPOSES

UNITED TRUST CO.
NEW YORK 37, N.Y.
ADVICE SECTION

| | | |
|--|--|----------|
| JOHN J. SMITH CORP. ROCHESTER 3, N.Y. | | No. 1058 |
| MAY 7 1958 | | 12-20 |
| 150 | | |
| PAY TO THE ORDER OF | | |
| NATIONAL TRUST CO. ROCHESTER 7, N.Y. | | |
| John J. Smith | | |

Scholarship Awarded in Bank Contest

A SCHOLARSHIP for \$1,500 was one of 30 prizes, with a total value of \$2,500, awarded by the University Bank of Kansas City, Mo., in a contest marking its 40th year.

Contestants were asked to identify several colleges and universities and to tell, in 25 words or less, why they wanted to win a scholarship. This award was won by Mrs. Harriette Schwarz, housewife and student, who designated her son as the recipient. The contest was open to old customers and to openers of new accounts. Other prizes included television and radio sets.

Blueprint for a Bank Opening

THE Bank of Virginia opened new quarters for its Petersburg office with an open house that climaxed a carefully planned 16-month public relations program, from ground-breaking ceremonies through the beginning of customer service in the new building. Early features were the presentation of sidewalk superintendent cards, progress reports to customers, a cornerstone program.

Then, early this year, came the open house. In addition to guided tours, activities included money exhibits, height-measurement in silver dollars, guessing contests, a special \$10 "College Beginning Savings Account" to the four babies born in Petersburg hospital on open house day. The following day bank

people presented parents of the new babies with a letter, savings pass-book, and flowers.

There was a live telecast from the lobby, and the next week the local TV station ran a 15-minute film tour of the new bank. The following day all the departments were photographed.

Savings Promotion

THE First National Bank and Trust Company of Oklahoma City increased lobby traffic and new business in its savings department with a "double treasure chest" promotion.

Persons at least 16 years of age were invited to visit the department, fill out an entry blank, and deposit it in a huge box. Each

Friday, after banking hours, a name was drawn. That individual got \$100 in cash, regardless of whether he was a customer. If he already had a savings account his prize was \$200.

More than 3,000 people participated in the contest during the first week, bringing considerable new business.

Florida Banks Offer Tuition Loans

BANKS of The Atlantic Group in Florida are offering "Tuition-pay Plan" educational loans, covered by group life insurance.

A maximum of \$5,000, repayable in monthly instalments, is available to parents, relatives or friends of students, and in some cases to the students themselves. The only requirement is that the borrower meet ordinary bank credit qualifications.

The loans run for one, two, three or four years, and may be used at any accredited educational institution in the country.

Borrowers can terminate or re-negotiate at any time to meet changing conditions. Funds are advanced at the beginning of each semester and are repaid in equal monthly amounts throughout the student's course.

Credits may be used to meet special requirements, says The Atlantic Bank of Jacksonville in its advertising, such as graduate work, professional training or private preparatory schooling.



The Drovers & Mechanics National Bank of York, Pa. open the doors of its new building with an open house for teen-agers—and more than 1,300 of 'em attended. Here, F. A. Hespenheide, a director, watches the youngsters at the lobby dance, feature of the evening program

Letters from the Boss

FROM time to time the 600 employees of The Bowery Savings Bank in New York City receive, at their homes, a letter from the boss, President Earl B. Schwulst. The communications are informal and informative, covering various matters of concern to the bank and the staff. They appear irregularly.

The letters serve much the same purpose as Mr. Schwulst's chats with the senior officers at lunch. Usually they run to three or four mimeographed pages, depending, of course, on the subject. The series started more than three years ago, and in that time perhaps a score have been written.

Their headings tell the story. Letter 1 was titled "What Is a Mutual Savings Bank?" and was about four pages

long. The second, "The Division of the Pie," explained distribution of the bank's earnings among salaries, dividends, surplus and reserves.

OTHERS had these headings: "A Bit of Bowery History;" "What Does the President Do?;" "The Sense of Belonging;" "The Four Major Hazards of Life Which Confront Us as Breadwinners and How the Bowery Helps Us Meet Them" (this one was on fringe benefits); "How We Determine Who Gets What" (job ratings); "Some General Observations on Personnel Policy;" "A Word or Two of Advice" (integrity, efficiency, courtesy, sobriety, neatness, etc.); "Selection of Officers;" "The Current Picture" (economic comment).

It's Quite a Story

Those Pen Strokes Tell

GEORGE H. RAST

Vice-president and Cashier
First National Bank, Leesburg, Fla.

GRAPHO is the Greek word meaning "to write." And a grapho-analyst is one who analyzes handwriting to study the mental and psychic make-up of the writer. The full impact of this can be realized once you are aware that a man's every pen stroke gives a clue to what he is mentally.

Grapho-analysis is a science. One has to study people as well as books to become a competent analyst. Recognizing character traits in handwriting is important, but learning to evaluate them is where you separate the men from the boys—for in evaluation lie your answers. It takes real ability to weigh properly one trait against another and actually figure out what a person is.

Today some firms are using grapho-analysis and finding that it pays real dividends. Certainly anyone who has ever experienced an embezzlement in his institution could wholeheartedly wish there might have been some way to have anticipated and perhaps prevented it.

Let's apply this to practical banking. In handling personnel always insist on having applications completed in writing, not on the typewriter. Then you can discover before you hire him that John Smith is very careful of details; that he is not overly emotional; and that his head will control his thinking.

We spend time and money searching for employees who are loyal, who have good memories and responsive personalities. Here is the opportunity to find out these things for his handwriting reveals all.

Even though a true analysis is never made from just a signature, there are times when you can recog-

just jilted this girl

the tame tiger is hit

To Ten Tattered Tots

happy people played

a man in the moon

small, clear, and well-formed

who took the hoop

Close dotting of *i* and *j* and careful crossing of *t* may determine memory; ability to retain a mental picture.

The bar before the *t*-stem and the dot back of the *i* reveal the man who may procrastinate, put aside, delay.

Lightweight bars above the *t*-stems can help you spot the visionary, the builder of castles in the air.

Large loops in *p* may show the desire for physical activity, possibly unexpressed, called physical mindedness.

Tapering at the end of stroke groups or words marks the diplomat; ability to deal with others without friction.

Smaller the handwriting, the greater the power of concentration, provided the letters are clear, well-formed.

Double loops within the small circle loops can spell trouble; you may find intended deceit where they occur.

nize a warning signal regarding the extension of credit when you have no more than a signature before you. Recently a customer disclaimed any knowledge of a note on which he had received a past due notice. After some discussion, during which he steadfastly tried to bypass the obligation, it dawned on me that his 5-letter signature contained two flagrant indications of deceitfulness.

In your files are handwritten letters from some of your customers. You have, at least, a signature for each of them. From indications provided by even meager specimens, additional insight may be gained. There may be signs of deliberate intent to mislead, lack of selfcontrol, impracticability, or of the visionary person upon whom you can't depend. By the same token, you are as likely to find the person who is sincere, practical, aggressive, and honest.

Handwriting also provides a marvelous medium for getting acquainted. Analyze an employee's handwriting and his reaction will be swift and sure. He will love it. A new accounts officer can have a field day when he is able to remark casually to Mr. Newcomer, "No doubt you have considerable interest in sports," or, "Are you in some engineering field?"

Proper evaluation is the answer to the successful use of grapho-analysis. One trait may emphasize or it may minimize another trait. For that reason there can be no set pattern to illustrate, for example, the potential thief. If you're willing to study, learn how to evaluate properly. Then snap judgments will not be made. Compare the tendencies reflected in handwriting with established facts and you will find them verifying each other.

Loans on Mobile Homes?

We Did All Right

L. DOUGLAS MEREDITH

THE investment of almost \$23,000,000 with a loss of less than \$3,500 constitutes an eloquent tribute to the credit standing of the purchasers of mobile homes—known more familiarly as house trailers. It also emphasizes the importance of this growing field as an investment opportunity.

In the 4-year period from mid-1954 to mid-1958, a financial institution, well-known to the writer, financed the purchase of 7,900 mobile homes in 37 states with the very limited losses mentioned above. The rate of return was in keeping with the return available to banks and finance companies from the financing of durable goods.

The terms of these contracts, seldom over five years, are commendably short and the run-off provides a steady flow of cash. Not only were losses low, but the delinquency rate was gratifyingly low and compared favorably with the delinquency ratio on mortgage loans.

Purchases for the account were begun in 1954 after thorough investigation of the field of mobile homes. The investigation revealed their growing importance as part of the housing supply of the nation, and reflected excellent experience on the part of the few financial agencies then in this field.

Broadly-Based Security

The security underlying the transaction was manifold;

1. The investor had title to a mobile home in which the buyer had placed a substantial equity, usually not less than 25% of the purchase price.

2. The obligor on the paper was a credit risk selected as carefully as the credit risk on a mortgage.

3. The investor also had recourse to the dealer, who again had been

The author is executive vice-president and chairman of the committee on finance, National Life Insurance Company, Montpelier, Vt.

selected with care and was obligated to repurchase the paper or the security in the event of default or repossession.

4. Dealer reserves or holdbacks from each contract purchased were accumulated by the investor to insure performance under the dealer's repurchase obligation.

5. Vendor's single interest insurance was required for each contract to protect the investor against loss from skip and collision damage.

6. The monthly payment pattern permitted the investor to follow the transaction closely, and to be alerted promptly to any payment difficulty on the part of the contractor.

Besides this abundance of security, other factors commended the investments. The larger size of the transaction, as compared with the financing of other durable goods, made the cost of handling relatively less burdensome and, by the same token, a substantial volume of business could be readily built up. Furthermore, the transaction involved the financing of homes with only technical differences from the monthly payment plan of mortgage loans.

Occupants Are Not "Oakies"

Of course, the word "trailer" may suggest that the occupants are possessed of wanderlust, without responsibility, the counterparts of "Oakies," or even vagrants. But mobile homes have become an increasingly important part of the housing supply of the United States. Production in 1957 reached a peak

of 140,000 units; in 1958 it dipped to 130,000.

Over a Million in U. S.

These units tend to replace conventional housing for many groups of people. They are particularly advantageous for military personnel, and for workers temporarily located in a particular community who will move on to another location. They have a special use in disaster areas when new housing is quickly needed to replace housing which has been destroyed. Also, mobile homes appeal particularly to many retired people.

It is estimated that one out of every 50 persons in the United States occupies a mobile home today, and there are more than a million such homes. They are located on isolated sites, in small groups, or in mobile parks of which there are about 14,000 in the United States.

Many of these parks are carefully supervised and, if they conform to standards specified by the National Association of Mobile Home Manufacturers, they are designated as "approved." They range in size from four spaces to some 250 or more in the largest.

Where parks have been "approved," minimum plots of not less than 2,500 square feet are assigned to each unit. There is regular garbage and refuse removal, and the streets are carefully maintained. The pride of ownership exhibited by the occupants compares favorably with that of other homeowners.

Before 1955 the manufacturers limited the width of mobile homes to eight feet, but then they began to produce 10-foot wide units. It is estimated that 30% of the units sold in 1957 were of the greater width. The lengths extended to 52

(CONTINUED ON PAGE 118)

Photographs...Indexes...



RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming
—now in its 31st year

"Recordak" is a trademark

Try
before you
Buy

Cancels or Endorses!

The Recordak Reliant Microfilmer does this 3-way job automatically . . . in one operation

PHOTOGRAPHS. Just feed checks (or other items) by the handful. With its high-speed automatic feeder, the Reliant can photograph them at a 400-per-minute clip. Feeder also ends worries about missed pictures. Items that are stuck together are stopped at the feeder. This eliminates the biggest cause of missed pictures.



INDEXES. Set the Kodamatic Index dials while you microfilm, and your film record is indexed photographically! Lets you find any pictures in seconds with a Recordak Film Reader. What a convenience for your transit and bookkeeping department . . . in fact *wherever* you refer to records.



CANCELS OR ENDORSES. Automatic endorser, a worthwhile accessory for the Reliant, cancels or endorses checks as they are photographed. Take advantage of Recordak 30-day free trial offer and job-test this Reliant feature and all the others in your bank. Mail coupon for details. No obligation.



..... **MAIL COUPON TODAY**

RECORDAK CORPORATION

415 Madison Avenue, New York 17, N. Y.

Gentlemen: Please send me folder describing the Recordak Reliant with Kodamatic Indexing.

Name _____ Bank _____
 Position _____ Street _____
 City _____ State _____

J-3



Do Your Ads Orbit or Poof?

Market Research Can Find the Answer by Measuring Various Media

PHILIP W. MOORE and RICHARD G. CUNNINGHAM

This article is based on a number of market research studies of advertising media made for banks in recent years by First Research Corporation, Miami, Fla. PHILIP MOORE is president and founder of the firm and RICHARD CUNNINGHAM is one of its market research analysts.

THE study of the effectiveness of various media used in bank advertising is one of the more obvious uses of market and public opinion surveys. With all the statistics available, why should any mystery surround the actual readership, listenership, and recognition (or recall) of bank advertising? What may appear to be a mystery might actually be only a matter of confusion.

Various advertising media reports—each concerned with advertising effectiveness in one particular medium—present accurate and reliable reports in many cases. What they often lack is a comparison with other media which would give a bank's advertising or business development officer the true perspective of all media.

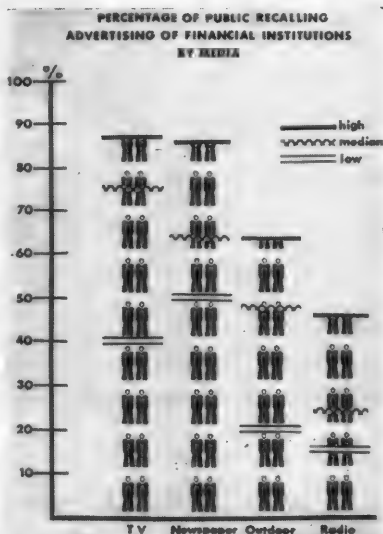
Such comparative media reports are rare in the banking field. Understandably, each advertising medium wants to put its best foot forward. This leaves the bank with a number of unrelated reports as a basis for selecting the most effective medium, or media, of advertising. The time seems ripe for some unbiased, impartial, and reliable information on the comparative results and effectiveness of financial institution advertising in the leading media.

Four advertising media are compared here: television, newspaper, outdoor, and radio. These consume the major portion of the average bank's media expenditures. The

chart on this page shows the percentages of the public that recalled any advertising by financial institutions in each of these four media.

The high and median points of public recall of television advertising, 87% and 75% respectively, both exceed the corresponding recall points of the other media. The lowest figure in any city for television is 40%.

The second most-recalled medium for bank advertising is newspapers. While only two points below the high for television, the 62% median for newspapers is 13 points below television's median. But the lowest point of newspaper recall is 50%, exceeding that of television by 10 points.



The high figure represents the best recall rate recorded in any city; the low figure is the worst. The median is the middle percentage for all cities. Based on First Research Corporation surveys of some 60 banks in cities from 75,000 to 800,000 population

The high point of recall reached by outdoor advertising is 62% of the public, equal to the median for newspapers. The median of 47% and the low of 20% place outdoor below either television or newspapers.

Fewer people recalled financial institution radio advertising than that of any of the other media. Radio's high of 45% is, in fact, lower than the median recall of the others and is less than the low for newspapers. The median for radio is 24% and the low is 13.5%.

These findings represent a general picture of advertising media effectiveness for banks. Because certain variables exist in all bank service areas, it is not intended to imply that one particular advertising medium is best in all cases, nor that another is poorest.

Consider, for example, the two highest-rated media in this study: television and newspapers. Their high points of recall are so close together that one could be considered as effective as the other. Their median points of recall 75% against 62%, would indicate a greater impact for television than for newspapers.

Unfortunately, the optimum use of television is denied the bank with a limited budget because of the relatively greater cost. It is not recommended that either of these media be discarded in favor of the other as the two obviously compare well. But a bank with a limited budget might find it profitable to "put its eggs in one basket" and concentrate on one for a trial period.

Outdoor and radio advertising might also bear some comparison. It has been a classical concept that radio is a "shotgun" advertising

(CONTINUED ON PAGE 116)



BOXED-IN BY INVENTORY?

Many of your bank customers have this complaint. They can't run a successful business these days without substantial quantities of merchandise to meet diversified demand. And, at the same time, they can't afford to tie up too much cash in inventory.

Here's how your bank can solve the problem.
Arrange a loan on the borrower's inventory field

warehoused by Douglas-Guardian. Our receipts—plus the actual merchandise of the borrower—mean twofold security for the cash you advance.

Next time a commercial customer needs extra cash, suggest a loan on inventory. You'll keep his business and good will, add to your loan volume and show a good profit on the transaction.

Write our nearest office for details.

DOUGLAS-GUARDIAN

WAREHOUSE CORPORATION

FIELD WAREHOUSING—COAST TO COAST

EXECUTIVE OFFICE

118 North Front Street, New Orleans 1, Louisiana

ALBANY, Ga., P.O. Box 241
ALBUQUERQUE, N. M., 2505 Britt St., N. E.
ATLANTA 3, Ga., Hurt Bldg.
BETHLEHEM, Md.
BILLINGS, Mont., 1112 Custer Ave.
BIRMINGHAM 1, Ala., P.O. Box 2256
BOISE, Idaho, Bank of Idaho Bldg.
CHARLOTTE 5, N. C., 3344 Washburn Ave.
CHICAGO 2, Ill., 173 W. Madison St.
CLEVELAND, Miss., P.O. Box 89
COLUMBIA, S. C., 7220 Nancy St.
DALLAS 1, Texas, Tower Petroleum Bldg.

DES MOINES 11, Iowa, P.O. Box 1126,
University Pl. Sta.
DETROIT 26, Mich., Penobscot Bldg.
FORT SMITH, Ark., 2116 Jenny Lind Rd.
HOUSTON 23, Texas, P.O. Box 18416
INDIANAPOLIS 26, Ind., P.O. Box 6432
JACKSONVILLE 10, Fla., 4189 Palmer Ave.
JOLIET, Ill., P.O. Box 1141
LOS ANGELES 15, Cal., 1110 W. Olympic Blvd.
MARION, Ohio, P.O. Box 344
MEMPHIS 3, Tenn., Porter Bldg.
MIAMI 32, Fla., 150 S. E. 2nd St.

NASHVILLE, Tenn., 4020 Sneed Rd.
NEW YORK 4, N. Y., 50 Broad St.
PHILADELPHIA 2, Pa., Girard Trust Bldg.
PORTLAND 4, Ore., U. S. Nat'l Bank Bldg.
ROSEBURG, Ore., 1514 S. E. Douglas St.
SAN FRANCISCO 3, Cal., 785 Market St.
SEATTLE, Wash., 20440 S. Pacific Hwy.
SPOKANE 62, Wash., N. 519 Sargent St.
SPRINGFIELD, Mo., McDaniel Bldg.
TAMPA 2, Fla., 416 Tampa St.
TRAVERSE CITY, Mich., 538 5th St.
TURTLE CREEK, Pa., 409 Kline Ave.

Getting Set for X-Billion Checks

U. S. check handling machinery, a wonder of the modern world, gets ready for the Surging Sixties with its greatest advance in 40 years.

MORE money is moved by check each week than there is currency in circulation. Today's active money supply is made up of four checkbook dollars for every cash dollar; and the checkbook dollars are doing about 90% of the work in our business transactions. Each day of the year about 35,000,000 checks are added to the stream, transferring some \$8-billion.

Go back 20 years and you'll find that the volume of checks has doubled each decade. Go back 40 years and you'll find that there has been no major improvement in the clearing and collection machinery. There have been minor improvements, but the biggest changes were introduced by outside influences such as airmail to speed the delivery of checks between distant points.

Put these facts together and they add up to trouble in the 1960s. Conservative estimates are that the annual volume of checks will rise from 14-billion to 22-billion by the end of the 1960s. That's figuring on only about a 50% increase during the next decade. But when this flood hits the time-worn channels of the clearing system, it can choke them.

Another factor to reckon with is that only one out of five checks is deposited or cashed at the bank where it was drawn. The other four checks must each pass through an average of 2½ stations before reaching its destination. This means a daily handling of 80,000,000 items now and about 140,000,000 by 1970.

The answer to the rising volume in the past has been more help and more space. The trouble with this solution is that both manpower and space are limited, and costs are becoming prohibitive. With clerical

RICHARD L. KRAYBILL

salaries approaching three times the prewar level, banks are finding it hard to keep up with this rising tide.

But a new solution is at hand; the first major improvement in check handling in a generation. It's contained in the soon-to-be-published report of the A.B.A. Technical Committee on Mechanization of Check Handling, appointed by the Bank Management Commission in 1954. This final report outlines completely and in detail the uniform plan for the electronic processing of checks.

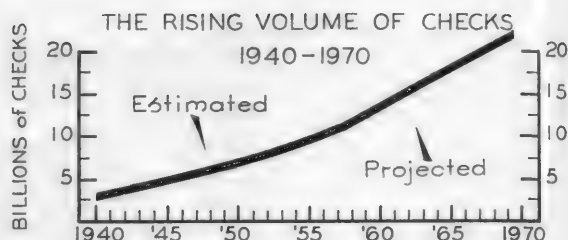
While the report is now being prepared, it is too important a matter to be rushed. Even after the report appears, its full impact won't be felt for at least a couple of years.

That's because a good bit of preliminary work must be done in most banks before they can adopt the system. The job will be easier for banks that have already introduced some degree of automation in their

operations. Other banks will need ample time to prepare for it. If they start on the groundwork this year, they should be ready for the surge that will come in the Sixties.

There may be some who shy at the word "automation" in connection with check handling. They'll be relieved to know that it need not involve costly equipment or radical changes in procedures. It will involve some equipment, some changes, and a considerable amount of planning.

The logical starting point for the planning will be the forthcoming report of the Technical Committee. This will spell out the rules and requirements for participating in the mechanized check handling system. Such participation will become increasingly necessary—not to replace personnel, but to carry the burden of check handling when there simply aren't enough people available to do the job. And that time will come soon as check volume during the 1960s moves from 40- to 50- to 60-million a day.



"The Life of a Check"



Messrs. Douglas (left) and Tufts watch scene being shot

A STEP-BY-STEP record of a check from the time it's written until mailed to the customer with his statement was filmed by the Educational Foundation, Massachusetts Bankers Association.

The 14-minute, color movie was directed by George A. Douglas, Jr., public relations director of MBA. Edward R. Tufts, executive secretary, was narrator.

The scenes include: the Second Bank State Street Trust Company; the Federal Reserve Bank of Boston; and the Everett National Bank. What happens at each bank emphasizes that checks are an important but time-consuming part of our economy.

CHARGE ACCOUNT BANKING

new authoritative book gives you factual data on how your bank can conduct a profitable charge account banking program

Charge account banking is fast becoming banking's most discussed topic, and Diebold has just published an authoritative "how to do it" book on charge account banking.

Edited and approved by one of the best-qualified experts in the field, this new book explains how best to set up a charge account program . . . how to maintain it profitably . . . how to avoid mistakes . . . in short, how to make charge account banking pay off for you. This new book will prove the value of charge account banking in your community.

It's an objective, helpful book that will be sent to you immediately.

Simply use the coupon below to request your copy . . . there's no obligation. And, of course, Diebold's experienced personnel are always available for consultation on your charge account banking plans.

DIEBOLD
INCORPORATED



DIEBOLD INCORPORATED
DEPT. OE-24 • CANTON 2, OHIO

Please send me a copy of your new study on charge account banking.

Name _____
Bank _____
Address _____
City _____ Zone _____ State _____

D10-545

A POINT FOR ADVERTISING BANKERS
TO THINK ABOUT:

85 of "*The 300 Largest Banks*" *are Merrill Anderson clients*

Last year at this time we had a continuing relationship with 80
of the "300 Largest."

This year's tally:

In the first 100..... 37

In the second 100..... 26

In the third 100..... 22

Total..... 85 clients out of 300.

(Big temptation was to include the billion dollar Bank of Nova Scotia in
the tally. We handle its U.S. public relations.)

MEDIUM-SIZED BANKS ARE STILL OUR MAJOR MARKET

* * * * *

* * * * *

ANNUAL RAPPORT

To bankers who have had no reason to keep in touch with what has been happening at The Merrill Anderson Company, these 1958 facts may be of interest:

- Our staff has increased from 40 to 50.
- Earl S. MacNeill, author of "Making The Most of Your Estate" and "What Women Want to Know About Wills" (Harper) and many trust advertising pieces and magazine articles, retired as Vice President of Irving Trust Company and became Vice President of The Merrill Anderson Company next day.
- Union and New Haven Trust, and Hamilton National (Chattanooga) were among our new advertising agency clients. First National of Miami and Birmingham

Trust National Bank started to sponsor our Industrial Information Service. *Many* banks took on our various publications.

- Art Metal Construction Company (Jamestown, N. Y.) appointed us to handle its advertising and public relations.
- Diebold, Inc. named us to handle its 100th Anniversary publicity.
- Jim Catalano, highly regarded Associate Editor of the *American Banker*, became manager of our Public Relations Division.
- This year, too, we developed an individualized, low cost advertising service for progressive banks with limited budgets.
- Most important of all, our *clients* had an excellent year—in terms of earnings, deposits, and customers.

THE MERRILL ANDERSON COMPANY, INC.

142 East 39th Street, New York 16

MUrray Hill 5-3044

Advertising



Public Relations

Financial Statement Ratios: A Spotlight

Case Studies of Three Such Ratios

This financial ratio study was prepared for BANKING by Dun & Bradstreet, Inc., New York.

FINANCIAL ratios, which reveal typical relationships between items in the balance sheets and profit and loss statements of a sample number of concerns in a particular line of trade, are more in the nature of a spotlight than a micrometer. While they serve as guides rather than precise measurements, the comparison of the ratios for a particular business with industry medians and quartiles not only measures degree of difference with typical experience but also serves as a starting point for further inquiry and analysis.

Current Ratio

The first ratio to be developed, and the one that is still in greatest use today, is the current ratio or current assets to current debt. As experienced business analysts know, this is the old so-called "rule of thumb" ratio, which was considered satisfactory if a two-or-more-to-one or at least two-to-one ratio existed in manufacturing, wholesale, and retail lines of business.

As other comparisons were developed, this ratio lost something of its status, and it is considered, quite rightly, that no one comparison can possibly give a clear picture of the health of the balance sheet.

But the current ratio continues to receive close attention. It even appears as a part of comparative financial statements shown in analytical credit reports on the larger and more complex cases.

A two-for-one rule, however, has long been supplemented by other ratios by thoughtful analysts. A glance at the table of ratios which appears on page 138

CASE 1

| | Dec. 31, 1955 | Dec. 31, 1956 | Dec. 31, 1957 |
|---------------------------------------|----------------|----------------|----------------|
| Cash..... | \$29,000 | \$21,000 | \$28,000 |
| Notes receivable..... | 1,000 | 2,000 | 3,000 |
| Accounts receivable..... | 17,000 | 17,000 | 10,000 |
| Inventory..... | 72,000 | 79,000 | 75,000 |
| TOTAL CURRENT ASSETS..... | 119,000 | 119,000 | 116,000 |
| Fixed assets..... | 4,000 | 3,000 | 2,000 |
| B&L stock..... | 2,000 | 3,000 | 4,000 |
| TOTAL ASSETS..... | 125,000 | 125,000 | 122,000 |
| Accounts payable..... | — | 1,000 | 1,000 |
| Accruals..... | 1,000 | 1,000 | 1,000 |
| TOTAL CURRENT LIABILITIES..... | 1,000 | 2,000 | 2,000 |
| NET WORTH..... | 124,000 | 123,000 | 120,000 |
| TOTAL LIABILITIES..... | 125,000 | 125,000 | 122,000 |
| NET WORKING CAPITAL..... | 118,000 | 117,000 | 114,000 |
| CURRENT RATIO..... | 119.0 | 59.5 | 58.0 |
| TANGIBLE NET WORTH..... | 124,000 | 123,000 | 120,000 |
| Net sales..... | 251,000 | 247,000 | 230,000 |
| Net profit..... | 25,000 | 29,000 | 23,000 |
| Withdrawals..... | 23,000 | 30,000 | 26,000 |

(Figures are rounded to the nearest thousand for quick reading.)

shows that, for the 24 wholesale lines, the median current ratio ranges from 3.92 for hardware wholesalers and 3.58 for hosiery and underwear wholesalers, down to 1.98 for wholesalers of gasoline, fuel oil, and lubricating oil, and 1.89 for wholesalers of baked goods.

An extremely high current ratio, while a happy indication of high financial liquidity, may point to a situation which is not altogether favorable. On the other hand, an extremely low current ratio, while undoubtedly providing food for thought for the lending officer or supplier, may not preclude extension of credit. Let's examine two cases in point. Case 1 gives 3-year comparative financial statements of a wholesaling firm.

Obviously, the concern is in a fine financial position, but equally obviously its sales are declining. A manufacturer looking for a livewire outlet to expand its sales in this wholesaler's area might pass the company by in favor of a younger, more aggressive organization. This self-sufficient company is rarely in the market for a bank loan. It presents little or no opportunity to the lending officers of the local banks other than, of course, as a source of good-sized balances.

FOR a case which presents an extreme contrast, let's look at comparative financial statements that reflect an unusually low current ratio:

CASE 2

| | Dec. 31, 1955 | Dec. 31, 1956 | Dec. 31, 1957 |
|---------------------------------------|----------------|----------------|------------------|
| Cash..... | \$15,000 | \$20,000 | \$77,000 |
| Accounts receivable..... (P) | 302,000 | (P) 314,000 | (P) 503,000 |
| Inventory..... (P) | 276,000 | 324,000 | 384,000 |
| TOTAL CURRENT ASSETS..... | 593,000 | 658,000 | 964,000 |
| Fixed assets..... (P) | 35,000 | (PP) 27,000 | (PP) 26,000 |
| Prepaid items & deposits..... | 3,000 | 3,000 | 6,000 |
| Misc. receivables..... | 9,000 | — | — |
| C.S.V. life insurance..... | — | 3,000 | 5,000 |
| TOTAL ASSETS..... | 640,000 | 691,000 | 1,001,000 |
| Due banks..... | — | (S) 3,000 | (S) 2,000 |
| Due officers..... (S) | 51,000 | — | 9,000 |
| Accounts payable..... | 248,000 | 273,000 | 548,000 |
| Notes pay. finance co..... (S) | 216,000 | (S) 228,000 | (S) 243,000 |
| Notes pay.—others..... | 26,000 | 15,000 | 15,000 |
| Taxes..... | 36,000 | 20,000 | 27,000 |
| Accruals..... | 3,000 | 14,000 | 6,000 |
| Customers' credit balance..... | — | 5,000 | 3,000 |
| TOTAL CURRENT LIABILITIES..... | 580,000 | 558,000 | 853,000 |
| Due officers (deferred)..... | — | 51,000 | 44,000 |
| Common stock..... | 12,000 | 12,000 | 12,000 |
| Earned surplus..... | 48,000 | 70,000 | 92,000 |
| TOTAL LIABILITIES..... | 640,000 | 691,000 | 1,001,000 |
| NET WORKING CAPITAL..... | 13,000 | 100,000 | 111,000 |
| CURRENT RATIO..... | 1.02 | 1.18 | 1.13 |
| TANGIBLE NET WORTH..... | 60,000 | 82,000 | 104,000 |
| Net sales..... | 1,688,000 | 2,100,000 | 2,636,000 |
| Net profit..... | 29,000 | 22,000 | 22,000 |
| Dividends..... | None | None | None |

(P) Pledged. (PP) Partially pledged. (S) Secured.

(Figures are rounded to the nearest thousand for quick reading.)

Here's a business started less than 10 years ago as a partnership; incorporated five years ago with only \$12,000 of the tangible net worth figure of the partnership paid in for capital stock issued. Most of the original investment of the partners took the form of notes due officers secured in part by chattel mortgage. During 1956 the chattel mortgage was discharged and the officers took notes on a deferred basis. But the business continues to be almost entirely financed through loans and supplier credit.

Obviously the account is under close, continuing scrutiny. Will it succeed or not? The ability to deal successfully with an enterprise such as this calls for thorough, continuing information and experienced business judgment.

Fixed Assets to Tangible Net Worth

IN the book, *Practical Financial Statement Analysis*,* the comment is made: "From the point of view of the relative size of fixed assets, manufacturers present greater problems than wholesalers and retailers . . . by and large, it is an exceptional wholesaler or jobber that develops a financial problem as a result of excessive fixed assets."

But, of course, this is a problem that can and does occur in some cases. We'll present an extreme example, but before doing so let's turn again to *Practical Financial Statement Analysis*:

For every line of commercial and industrial business activity, there is a certain proportion of tangible net worth that may typically be invested in fixed assets. A smaller proportion is a favorable feature. A higher proportion is unfavorable for two simple reasons: first, the annual depreciation charge that must be assumed in the income statement is proportionally heavier than for competitors; and, second, if fixed assets are very heavy, the concern has either a low net working capital with subsequent

overtrading . . . or a funded debt to furnish adequate net working capital. . . .

Capital once invested in fixed assets is there to stay, except insofar as yearly depreciation is earned. Interest, dividends, salaries, wages, and burden cannot be paid by excessive investments in bricks, mortar, or beautiful furnishings.

Now for that extreme case in point:

| | Dec. 31, 1955 | Dec. 31, 1956 | Dec. 31, 1957 |
|---------------------------------------|------------------|------------------|------------------|
| CASE 3 | | | |
| Cash..... | \$8,000 | \$5,000 | \$5,000 |
| Notes receivable..... | 8,000 | 2,000 | — |
| Accounts receivable..... | 582,000 | 539,000 | 623,000 |
| Inventory..... | 711,000 | 761,000 | 971,000 |
| TOTAL CURRENT ASSETS..... | 1,309,000 | 1,307,000 | 1,599,000 |
| Fixed assets..... (P) | 233,000 | 415,000 | 504,000 |
| Deferred..... | 24,000 | 20,000 | 29,000 |
| Cash value life insurance..... | 12,000 | 14,000 | 14,000 |
| TOTAL ASSETS..... | 1,578,000 | 1,756,000 | 2,146,000 |
| Due banks..... (S) | 450,000 | 375,000 | 375,000 |
| Notes—stockholders..... | — | — | 300,000 |
| Accounts payable..... | 149,000 | 498,000 | 816,000 |
| Accrued taxes & bonus..... | 3,000 | — | — |
| TOTAL CURRENT LIABILITIES..... | 602,000 | 873,000 | 1,491,000 |
| Reserves..... | — | 33,000 | 35,000 |
| Preferred stock..... | 75,000 | 75,000 | 75,000 |
| Common stock..... | 221,000 | 221,000 | 221,000 |
| Earned surplus..... | 680,000 | 554,000 | 324,000 |
| TOTAL LIABILITIES..... | 1,578,000 | 1,756,000 | 2,146,000 |
| NET WORKING CAPITAL..... | 707,000 | 434,000 | 108,000 |
| CURRENT RATIO..... | 2.17 | 1.50 | 1.07 |
| TANGIBLE NET WORTH..... | 976,000 | 850,000 | 620,000 |
| Net sales..... | 4,479,000 | 4,427,000 | 4,710,000 |
| Net profit..... (L) | 38,000 | 122,000 | 226,000 |
| Dividends..... | 4,000 | 4,000 | 4,000 |

(L) Loss. (P) Pledged to secure. (S) Secured.

(Figures are rounded to the nearest thousand for quick reading.)

In a line where the median figure for percentage of fixed assets to tangible net worth is less than 12%, this particular concern showed a ratio of 24% at the end of 1955, 49% at the end of 1956, and 81% at the end of 1957. Faced with greatly intensified local competition and mounting red ink in the profit column, this long-established wholesaling company embarked in 1956 and 1957 on a large expansion program, including interior and exterior remodeling of its business building. The notes due banks of \$375,000 are short-term paper, are divided between two local depositories, and are secured by fixed assets. Added to these there now appear new debts owing to stockholders in the form of corporate notes. Payments to the trade are slowing up, and the position of the business is precarious, to say the least.

Inventory to Net Working Capital

Commenting on the ratio of inventory to net working capital, Roy A. Foulke notes in *Behind the Scenes of Business*:

In many lines of business activity, it is necessary to place forward [purchase] orders or contracts to be assured of the necessary raw material to carry on a substantial volume. If for any unanticipated reason, orders

(CONTINUED ON PAGE 133)

*Roy A. Foulke, McGraw-Hill Book Company, Inc., 4th Ed., 1957.

DEFINITIONS OF TERMS

THE RATIOS—The data used are based upon a representative sampling with a tangible net worth which only occasionally is below \$50,000. . . . The center figure for each of the twenty-four lines is the median. The other two figures in each line are quartiles; for each ratio they indicate the upper and lower limits of the experiences of that half of the concerns whose ratios are nearest to the median. When any figures are listed in order according to their size, the median is the middle figure (same number of items from the top and the bottom) and the quartiles are the figures that are located one-quarter and three-quarters down the list.

CURRENT ASSETS—Total of cash, accounts and notes receivable for the sales of merchandise in regular trade quarters less any reserves for bad debts, advances on merchandise, inventory less any reserves, listed securities when not in excess of market, state and municipal bonds not in excess of market, and United States Government securities.

CURRENT DEBT—Total of all liabilities due within one year from statement date including current payments on serial notes, mortgages, debentures or other funded debts. This item also includes current reserves such as gross reserves for federal income and excess profit taxes, reserves for contingencies set up for specific purposes, but does not include reserves for depreciation.

FIXED ASSETS—The sum of the cost value of land and the depreciated book values of buildings, leasehold improvements, fixtures, furniture, machinery, tools, and equipment.

INVENTORY—The sum of raw material, material in process, and finished merchandise. It does not include supplies.

NET WORKING CAPITAL—The excess of the current assets over the current debt.

TANGIBLE NET WORTH—The sum of all outstanding preferred or preference stocks (if any) and outstanding common stocks, surplus, and undivided profits, less any intangible items in the assets, such as good-will, trade-marks, patents, copyrights, leaseholds, mailing list, treasury stock, organization expenses, and underwriting discounts and expenses.

Who has the last word on mechanized check handling?



The volume of checks written in the U. S. has increased at an almost fantastic rate—from 4 billion in 1939 to 12 billion checks last year. Laid end to end these checks could reach to the moon five times! By 1970 the check volume is expected to hit 22 billion.

**You
do...**

...thanks to the continuing studies of the American Bankers Association's Bank Management Commission.

Five years ago the Commission foresaw the enormous operational problems which banks were destined to encounter from the steadily increasing use of checking accounts. It set up a special committee which worked with equipment manufacturers and check printers on the development of a coding system whereby checks can be "read" rapidly and accurately by any machine regardless of manufacturer.

Choice of code, location of code on check, size and sequence of fields of information, design of code numerals, a system for numbering accounts—these were a few of the problems for which the Committee had to find answers that would be acceptable to banks and manufacturers throughout the nation.

The new coding system comes at an appropriate time to enable all those concerned to cope with the growing avalanche of checks.

To help keep banks, check suppliers and equipment manufacturers informed on this complex subject, **BANKING** has published many articles on automation and mechanized check handling. Future issues will inform you of new developments in this important field of bank operations.

**OTHER ACTIVITIES OF THE BANK
MANAGEMENT COMMISSION INCLUDE:**

- Development and recommendation of methods, procedures, policies, and standards in bank operations and forms
- Commercial bank investment policies
- Maintenance of a nationwide bank numbering system

Largest paid circulation of any publication in the banking field.

BANKING

Journal of the American Bankers Association

This is one of a series featuring the broad research activities of the American Bankers Association



For the Building Scrapbook

ABOVE, LEFT—Lobby view of remodeled Zion (Ill.) State Bank, showing mosaic tiled columns patterned in $\frac{3}{4}$ " squares. Color scheme is white, surf green and crocus yellow. ABOVE—Cherry Chase Branch of National Bank of Washington, D. C. Building is Williamsburg colonial in design, has drive-in window and ample parking space. LEFT—Expanded and modernized main office building of Deposit Guaranty Bank, Jackson, Miss. Street floor features escalator service for extra customer convenience. BELOW, LEFT—Modern building of the Idaho First National Bank, Cottonwood. BELOW, Lobby of the Continental National Bank of Lincoln, Nebr. Tellers' counters are faced with Italian figured marble. Additional features are 4 auto-bank windows, a sidewalk teller window and an auditorium with a seating capacity of 120 for community use as well as staff purposes



Bank, Color—Chevy ding is ample build features EFT—awood, Nebr. itional w and use as



ABOVE—Recently completed remodeled Wellington (Ill.) State Bank. Features include airconditioning, acoustical ceilings, terrazzo floors, and a musical sound system. ABOVE, RIGHT—New Rapid City (S. Dak.) office of First National Bank of the Black Hills. Bank has 13 teller windows in the lobby and three outside drive-in windows. RIGHT—Wilshire-Catalina branch of Citizens National Trust & Savings Bank. L.A. Building was nominated for a community award for exterior design and landscaping. BELOW—Preston State Bank, Dallas, Tex., is a modern 2-story building of reinforced concrete construction. Entrance to the building is of marble. BELOW, RIGHT—Modern exterior of Long Island Trust Company, Garden City Park office, New York



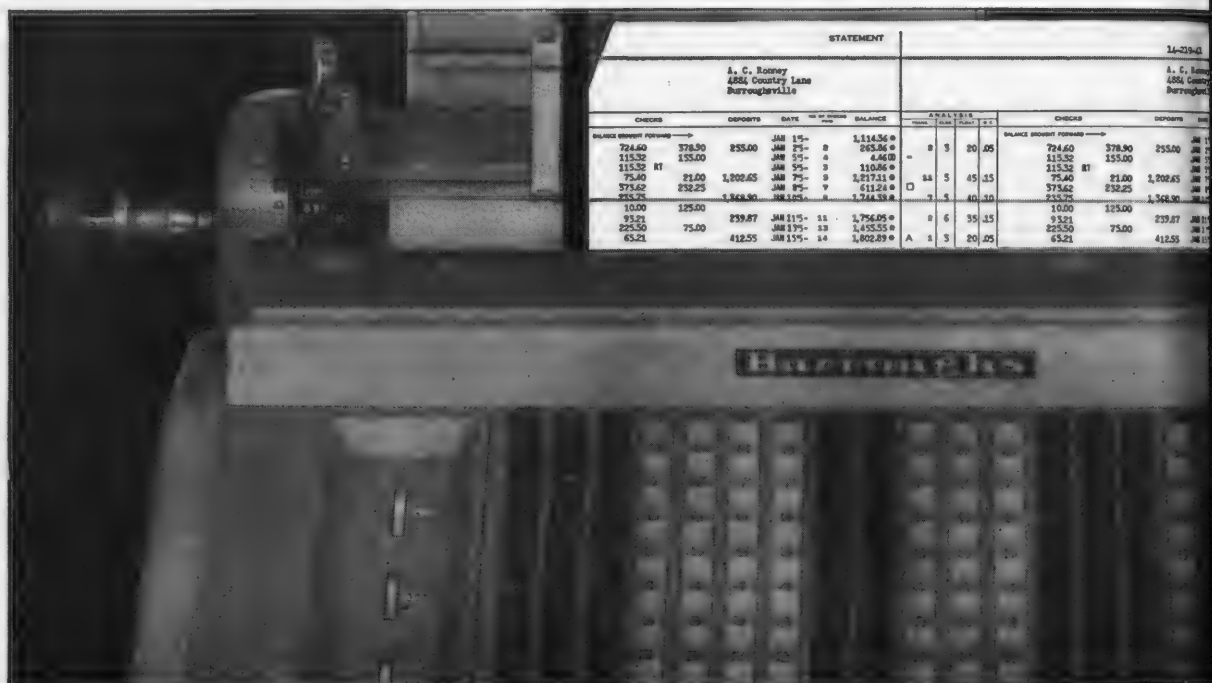
A letter from J. B. Gander, president, Bank Building & Equipment Corporation of America, states: "We attained [1958] a new high level in building projects and entered the new fiscal year with the most substantial backlog in our history. Certainly the whole banking community kept faith and provided the tonic necessary to encourage business leaders. During this past year, none of us here can recall a single instance where a bank client reflected timidity in his plan to remodel or build new quarters.

"Our outlook for the future is positive and bright. In order to accommodate an exploding population and to capture a fair share of the potential retail and commercial market that will be available in the future, most of our nation's banking facilities will be forced to enlarge their quarters and broaden their services."



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| CHICKS | | DEPOSITS | | DATE | | BALANCE | | ANALYSIS | | CHICKS | |
| BALANCE BROUGHT FORWARD | | | | | | | | | | BALANCE BROUGHT FORWARD | |
| 724.60 | 578.90 | 255.00 | JAN 15- | 0 | 1,114.50 | | | 724.60 | 578.90 | 255.00 | JAN 15 |
| 115.32 | 135.00 | | JAN 15- | 0 | 205.56 | | | 115.32 | 135.00 | | JAN 15 |
| 115.32 | RT | | JAN 15- | 0 | 6.46 | | | 115.32 | RT | | JAN 15 |
| 75.40 | 21.00 | 1,200.65 | JAN 15- | 0 | 1,217.11 | | | 75.40 | 21.00 | 1,200.65 | JAN 15 |
| 575.62 | 232.25 | | JAN 15- | 0 | 611.24 | | | 575.62 | 232.25 | | JAN 15 |
| 255.00 | | 1,968.90 | JAN 15- | 0 | 1,744.38 | | | 255.00 | | 1,968.90 | JAN 15 |
| 10.00 | 125.00 | | JAN 15- | 11 | 1,756.05 | | | 10.00 | 125.00 | | JAN 15 |
| 93.21 | | 239.87 | JAN 15- | 13 | 1,455.55 | | | 93.21 | | 239.87 | JAN 15 |
| 255.50 | 75.00 | | JAN 15- | 14 | 1,802.89 | | | 255.50 | 75.00 | | JAN 15 |
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FOR THE QUICKEST, most economical, most modern method of personalizing and prequalifying checks—for the ultimate in fast, satisfactory service to customers—inquire now into the unique merits of ThriftiMatic's precision Imprinter-Coder for regular or magnetic ink.

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1. **On-Premises Imprinting**—Speeds service to both regular and special checking customers in two minutes!
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3. **Precision**—it holds close tolerances for precision imprinting and encoding —especially important with magnetic ink.
4. **Flexible**—Prints customer's name and address—plus account number anywhere on check in one operation.
5. **Exclusive**—Name and number linotype slug library is furnished for all existing accounts—speedy typesetter provided for new accounts.
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7. **Proven Performance**—ThriftiMatic Imprinter-Coder performance proven in scores of banks, large and small.
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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Business Building Bulletin

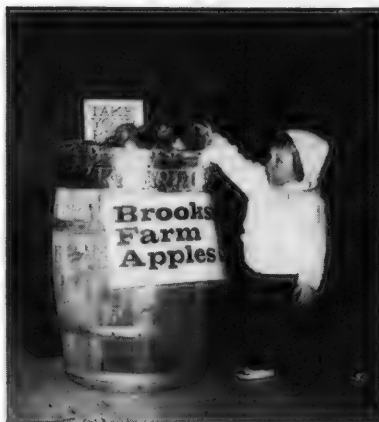
MARCH 1959

IDEAS AT WORK

Chemical Corn Trains Camera On "Bad Actors"

A SURVEILLANCE system, using a noiseless, tamper-proof and bullet-proof motion picture camera as its core, has been installed by the 94-branch Chemical Corn Exchange Bank, New York City. This "Photoguard System," a Mosler Safe Company product, consists of electrically driven monitor cameras, each 8"x12", installed in well-concealed places and trained on the banking floor and teller's windows. Cameras may be activated by remote control from many parts of the bank. The theory is that even though masked, criminals give identifying clues.

Marvin Miller, CBS-TV's "The Millionaire," starred at an Industrial Trust Company branch opening in suburban Philadelphia. Greeting visitors, he wrote the bearer's name on 3,500 "Good Luck Million Dollar Checks" on the "International Bank of Good Will." Four hundred accounts were opened that day. In the picture banker Leonard Balis, left, greets Miller as he arrives by helicopter in branch's parking lot



"As Friendly As an Old Apple Barrel" was the slogan when the Merchants-Warren National Bank of Salem and Peabody, Mass., put containers like this one in the lobbies of its three branches. The idea caught on with the papers and the public, and considerable publicity resulted

A Long Look Back

A REVIEW of the past is expected in a bank's annual report. But how often can it go back through seven major wars and 20 depressions to days when its "accountant" kept his records in Mexican dollars? When doubloons, johannes, and pistoles circulated? And depositors included John Hancock and Paul Revere?

That's what the First National Bank of Boston has done in its 175th annual report. Historical highlights mark the milestones from quill pens to electronic processing. Changes to conform with changing times key-

The "Ideas" Section of BANKING's Business Building Bulletin is by JOHN L. COOLEY.

note the years during which each original stockholder has been multiplied by 200 and each dollar of deposits by more than 40,000.

Big Opening

EXTENSIVE festivities marked the opening of the Rapid City, S. Dak., office of First National Bank of the Black Hills. Over a 10-day period the program included a press preview, open houses for employees and public, reception for visiting bankers and celebration for children.

There were drawings for \$1,000 in savings certificates, with everybody over 13 eligible. Two lucky kids won bicycles; all got free movie tickets.

The customer who steps on this scale in the Central Trust Co. of Rochester, N. Y., sees herself (or himself) in a one-way "magic mirror" that resembles a TV screen. Then the image is replaced by the bank's own ad on a color transparency and the customer's weight appears on an illuminated dial. A built-in counter records the number of users



Local Angle Builds Business

ANOTHER example of the local human interest approach to merchandising a bank is provided by a newspaper campaign conducted by the Gloucester (Mass.) Safe Deposit and Trust Company. The information comes to this department from the Bureau of Advertising, American Newspaper Publishers Association.

The ad series featured photos of Gloucester youngsters. Prospects were spotted in the *Gloucester Daily Times* monthly page of children's pictures.

"Parental pride," says the Bureau, "enabled the bank to get a 'yes' for every model requested, plus the reply that the parents had been following the campaign and would love to have their children pose. The youngsters were used to illustrate a particular point: 'Need home improvement loan?', 'We make things easy for busy housewives,' 'A helping hand for mom.' Simple copy put each point across and integrated it with banking facilities available. The bank's identity was kept in each ad with the logo 'The Bank with the Clock' plus an illustration of the clock.

"Results: Deposits are up over \$250,000 for the year."

The bank has had much favorable comment.



One of the pictures used in the Gloucester bank's series. Titled "For a Rainy Day," the brief copy said that "save for a rainy day" was still one of the best slogans. And what better way to save than by opening an account at the Trust Company?

Luncheons for Newcomers

AT Lincoln National Bank and Trust Company, Syracuse, N. Y., a successful project has been the entertainment of women who are newcomers in the city, particularly the wives of customer-executives. Norma S. Stone, the bank's advertising manager, sends us the story.

She invited the women to lunch at a hotel to meet other newcomers, see the weekly fashion show staged by a store, and visit the bank.

"All of us were strangers, but we had a good time," says Miss Stone. "It helped the strangers, introduced the hotel to them, demonstrated the fine fashions available in our city, and the services of Lincoln Bank.

"It was a very good ice-breaker for all of us. Some who met at the luncheons became good friends. On two occasions women I had invited when they were new to town had luncheons for other newcomers and invited me so that I could promote my bank."

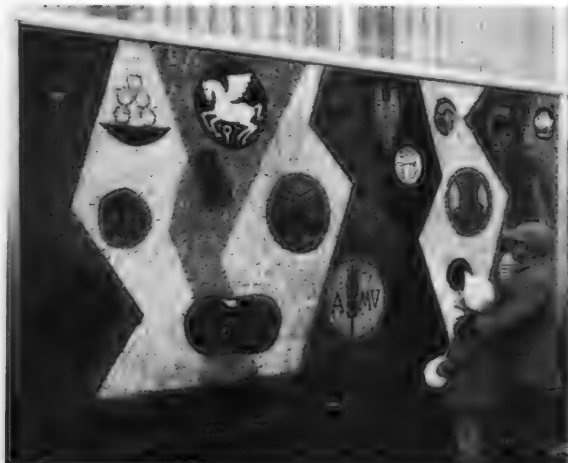
"Returned Items"

As an aid to educating customers in that little matter of "returned items," The Union & New Haven Trust Company, New Haven, Conn., devoted an issue of its *Trust Company Journal* to the subject.

The chatty story said that for one reason or another — "poor record-keeping, carelessness, an absurd mistake by the customer in adding or subtracting in his check-book, or occasionally as the result of a deliberate attempt to carry on that curious practice known as check-kiting"—banks constantly get checks for larger amounts than are on deposit.

The bank emphasized that it

The Merchants & Mechanics Savings Bank of Janesville, Wis., has this unusual mosaic, depicting the history of coinage, in its newly remodeled building. Designed by Franklin Boggs, artist in residence at Beloit College, it shows 22 coins, including Egyptian weighing rings, Greek and Roman pieces, Henry VIII's groat, Chinese cash, the buffalo nickel. A small booklet describing the mural is available at the bank



The Fourth National Bank of Tulsa, Okla., builds goodwill with a program of lobby displays which in the last four years have ranged from the fine arts to plastic oil pipe. At one exhibit customers were fed at a charcoal broiler. There have also been bank-sponsored outdoor art shows with artists at work. During Christmas Week it serves light refreshments to all callers. The photo shows a display by the Rock and Mineral Society





To celebrate the closing of the loan that put Community Savings Bank of Rochester, N. Y., in the \$100,000,000 bracket of mortgage loan investments, President Charles W. Carson presented gold house keys to the new home owners, Mr. and Mrs. James B. Hawley, Jr., seated, right. Others are l. to r., attorney D. L. Streppa; Mr. Carson; Donald H. MacBan, assistant mortgage officer; builder Jack Caldwell; and Louis La Mendola, mortgage consultant



The Industrial State Bank of Kalamazoo, Mich., erected in its lobby a display panel featuring the city as "A good place to live, work, learn, and play." The piece, created by the local chamber of commerce, was shown in several public places. Viewing it in an Industrial branch, where it spent a week, are Robert J. Brown, left, general manager of the chamber, and Charles E. Finley, president of the Industrial State Bank

doesn't want to "bounce" a check, but that if it did otherwise it would be making the checking customer a short-term loan "without benefit of the customary formalities, including the signing of a note and the payment of interest for the use of the money."

There are many reasons other than NSF for returning a check, and the bank explained each briefly and helpfully.

Inexpensive Party Packs Lobby

THE Sarasota (Fla.) Bank and Trust Company celebrated the opening of its 20th year with a party that omitted giveaways and elaborate refreshments.

People were invited to a day-long open house in the lobby. Coffee and cake were served, officers greeted the visitors, and currency and historical displays caught the public's eye.

President Emmet Addy, in a full page newspaper invitation, especially urged users of the bank's six walkup windows to "renew old friendships" by coming into the bank and having a snack with the staff.

The currency display added to news interest in the event. Eleven bills ranging from \$1 to \$10,000 were shown under glass. The first of

the several thousand visitors said on arrival, "I want to see that \$10,000 bill."

Assistant Cashier Earl Fairbrother reports: "The lobby was crowded all day. We had a chance to show people our building, and we chatted with old customers we hadn't seen face to face in years."

TIMELY TOPICS

EDUCATION. The First Citizens Bank and Trust Company, Raleigh, N. C., sponsored an economic education program that included telecasts of "American Adventure" films.

Representatives of the bank spoke at the school, calling attention to the program, and there was an essay contest on the subject "My Stake in Free Enterprise."

BOOSTER. "A Great Place to Do Business" is the title of a 36-page booklet reprinting advertisements published by First National Bank in St. Louis in a series designed to encourage executives throughout the nation to locate new plants and branch offices in that city. Each ad poses a management problem, then shows how facilities in the St. Louis area can solve it.

When the Merchants National Bank of Boston opened a new branch in the South Station, it also acquired prime window display space which its business customers are using to good advantage. The window, 35-feet long, is available to them for three-week periods. The companies construct and install their own exhibits. Local civic groups have the space approximately a third of the time



Financial Seminar for Business Executives

A COUNTRY bank's new approach to commercial business development—a financial seminar for top level management of manufacturing plants in its community—makes an interesting story, and we pass along the facts.

Nashua (N. H.) Trust Company, a \$20,000,000 bank in a growing city of 40,000, wanted to expand its market, but felt that gimmicks and premiums for new accounts wouldn't quite do. After long consideration, the executive seminar was selected as the tool.

"There were some misgivings at first," reports Vice-president Robert J. Cross, "principally because this program had never been attempted in a city as small as ours. The problem was whether we could provide an attractive enough course in current business problems to draw the type of executive we wished to cultivate."

The bank obtained the services of Cambridge Consultants of Cambridge, Mass., which has close association with faculty members at several universities in the Boston area, to conduct the Nashua seminar.

"The choice of subject matter was most important," Mr. Cross says. "It must offer a challenge to the larger manufacturer, yet not be outside the scope of the smaller. We picked these subjects: 'Review of Financial Analysis and Analytical Techniques,' 'Using Bank Credit Effectively,' 'Use of Cash Budgets,' and 'Managing Trade Credit Effectively.'"

Each potential guest was visited personally by a senior officer of the bank. The calls lasted from 15 minutes to a couple of hours; in many cases the banker was invited to inspect the plant. In addition to public relations benefits, considerable credit information was obtained.

"It is felt that part of the seminar's success was due to the personal calls, as 97% of those visited indicated a willingness to attend," Mr. Cross reports. "We asked for attendance from only the top level. Most of those contacted were presidents and treasurers; however, plant managers of national firms were invited."

The seminars were scheduled for midweek afternoons. Guests had been advised that the case study method would be used, and that advance preparation would be necessary. To that end, each participant received a textbook that included cases from which the leader, Dr. Gordon Donaldson, selected the material to be covered. Attendance at all the sessions was large, and an active exchange of ideas took place. The executives were invited to dinner, after which further informal discussions added to the seminar's productivity. There was no business solicitation by the bank.

"The warm comments and many letters received after the seminar exceeded our fondest expectations," Mr. Cross tells us. "We believe this approach to commercial development is feasible to banks in cities of like size, and we recommend it."

TREES. More trees will grow (let's hope) in Brooklyn, Queens, and the Bronx, thanks to Manufacturers Trust Company of New York. Chinese ginkgoes and London plane trees have been planted at several of the bank's branches in those boroughs, thus adding to the beautification project which Manufacturers started four years ago at its "glass bank" on Fifth Avenue.

COMMUNITY. A huge aerial photo outlining development of the area was the backdrop for the display used by New Jersey Bank and Trust Company, Passaic County, at a Paterson "Cavalcade of Progress." The map spotted projected housing and industrial developments, urban renewal projects, new schools and hospitals, street improvements, downtown modernization, etc.

SOUVENIR. The First National Bank of McMinnville, Oreg., observed its 75th anniversary by giving friends a currency clip. The

souvenir was distributed by mail, and Vice-president James H. Standard tells us "the reception was even greater than we anticipated." A note said the gift was from "your home-owned independent bank."

EDUCATIONAL. East River Savings Bank, New York, had an exhibit, "The History of Communication," showing advances since the days of the signal drum. The show was at the Rockefeller Plaza office.

To help celebrate the 50th anniversary of its Webster Square office, Guaranty Bank & Trust Co., of Worcester, Mass., stationed officers at drive-in windows to greet customers and thank them for their business. Assisting in this personal contact project is President Roland A. Erickson





The Home State Bank of Crystal Lake, Ill., had this exhibit at a showing of local products held in connection with dedication of the town's new airport. Overall dimensions were 20' x 7' x 3'. The sign listed Crystal Lake firms

Educational TV Series Sponsored by Alabama Bankers Association

THE Alabama Bankers Association's biggest public relations project is a 13-week educational television series now under way. It depicts the services, facilities and vital role of banks in community progress.

Titled "Your Bank in Action," the series is being given from 5:30 to 6 P.M. on Wednesdays from stations of the Alabama Educational Television Network in Birmingham, Andalusia, and Munford. The programs feature professionally prepared films, most of which were obtained through the American Bankers Association Public Relations Council. An Alabama banker is host each week, commenting on the program and on the series. Station time is provided free by the state's Educational Television Commission.

James E. Vance, chairman of the

association's public relations committee, said the series was of "enormous importance in promoting better understanding of banking" and would be of special value in stimulating the interest of young people in banking careers.

In a letter to school principals, F. A. Bloodworth, president of the association, suggested that the schools might want to correlate the program with the curriculum. "Teachers of business and civics should find in the series considerable material for supplemental study," he said.

Films shown include: "How Banks Serve," "Future Unlimited," "How to Use Your Bank," "Pay to the Order of," "A Future to Bank On," "Money Talks," "Banking on Farmers," and "Using Bank Credit."



In the A.B.A. Film "How to Use Your Bank," the speaker in this scene says: "I'm going to list on this board the three fundamental needs we have for money . . . The first is for routine needs. . ."

Branch Anniversaries

BANK OF MONTREAL makes the most of its branch anniversaries. These occasions are regarded as opportunities for community relations through newspaper advertisements which are little news features about the towns.

"The papers welcome our stories," says Munro Brown, manager of the bank's public relations department. "The copy is often well illustrated with interesting historical material."

As an example, BofM's 100th anniversary at Lindsay, Ont., a community of 10,000 people, was the occasion for a local ad headed "It all started in Lindsay's Registry Office." The story was that more than a century ago one Hartley Dunsford started the local office. The bank's subsequent association with the town's growth was noted.

"A Few Words"

VALLEY National Bank, Phoenix, has been running a series of 1-column, 3-inch ads in Arizona papers under the general heading "Valley Bank Vocabulary."

The resulting collection of curious words has been published in a booklet, "A Few Words," which has been sent to thousands of bankers. Paul Hughes, Phoenix copywriter, is author of the series. Here's a sample:

The Valley Bank Vocabulary

kerf

A kerf is the little channel cut by a saw. Carpenters are careful not to get their thumbs caught in their kerfs. There should be a kerf across your budget. Every payday, cut off part of your check and save it for future needs. Save it in a good bank. The Valley National Bank is a good bank. Also the biggest in the Rocky Mountain States.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Each definition, of course, leads into a similar pleasant bit of sales talk about a bank service.

Bank Ad Budgets Up 12% for This Year

¶How much will banks spend on advertising in 1959?
¶Which media will predominate? ¶What services will get top billing? ¶What do bank advertising men advocate for this year? ¶Here are the answers to these and other questions based on a survey just completed by the American Bankers Association's Advertising Department

COMMERCIAL banks will spend an estimated \$143,000,000 on advertising in 1959—an increase of 12% over 1958—according to the 14th annual survey of the A.B.A. Advertising Department. This is a new high peak and reflects a continual upward trend since these surveys were begun in 1946.

A study of these surveys shows that total commercial bank advertising expenditures have doubled every five years since the end of World War II. In 1946 the total was estimated at \$20,000,000. The figures rose to \$40,000,000 in 1951 and jumped to \$80,000,000 in 1956. At the present rate of increase, total advertising expenditures are likely to exceed \$175,000,000 by 1961—

G. EDWIN HEMING

Manager, Advertising Department,
American Bankers Association

more than double the amount reached in 1956.

Of the 2,835 banks reporting their estimated advertising budgets for 1959, 55% plan to spend more than they did in 1958; 32% expect to spend the same amount as last year; while only 13% say that they will spend less than a year ago.

While banks with total deposits under \$1,000,000 will spend, on the average, slightly less than a year ago, their average 1959 expenditure

will be more than the amount spent in 1957, and in excess of their average for the past five years.

The only other deposit category in which banks show a slight drop in advertising money to be spent is the \$5,000,000 to \$10,000,000 deposit group. The 1959 average for these banks is \$4,730, compared with the 1958 average of \$4,885. Among this group the 1959 expenditure is greater than in 1957 and well above the average for the past five years. Banks in all classifications above \$10,000,000 reflect an average increase in their advertising budgets.

A Word of Caution

In making comparisons with the amount spent by other banks in

1959 Advertising Expenditures, All Commercial Banks in the U. S.

| Deposits | Number of Banks in U. S. | Number Question- naires Returned | Maxi- mum 1959 Expendi- ture | 1959 Average Expendi- ture | COMPARISON OF AVERAGE EXPENDITURES— | | | | | | | | | | | | | |
|------------------------|--------------------------------|---|--|-------------------------------------|-------------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| | | | (for banks listing same) | (for banks listing same) | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | |
| Under \$1- mil. | 2,211 | 157 | \$3,000 | \$562 | \$630 | \$539 | \$534 | \$546 | \$419 | \$557 | \$445 | \$485 | \$410 | \$450 | \$385 | \$285 | \$266 | |
| \$1- to \$5- mil. | 7,170 | 1,457 | 14,000 | 1,780 | 1,689 | 1,633 | 1,502 | 1,355 | 1,297 | 1,235 | 1,165 | 1,025 | 900 | 1,050 | 900 | 760 | 698 | |
| \$5- to \$10- mil. | 2,210 | 719 | 25,000 | 4,730 | 4,885 | 4,468 | 4,077 | 3,814 | 3,749 | 3,471 | 3,216 | 2,710 | 2,600 | 2,500 | 2,265 | 2,160 | 1,780 | |
| \$10- to \$25- mil. | 1,401 | 514 | 60,000 | 11,367 | 11,191 | 10,314 | 9,794 | 9,045 | 8,164 | 7,498 | 6,747 | 6,335 | 5,970 | 5,540 | 4,765 | 5,030 | 4,383 | |
| \$25- to \$75- mil. | 591 | 227 | 100,000 | 29,304 | 27,962 | 25,448 | 28,859 | 21,669 | 21,248 | 20,015 | 17,435 | 15,945 | 16,020 | 15,854 | 12,835 | 15,390 | 23,954 | |
| Over \$75- mil. | 322 | 140 | 2,000,000 | 259,192 | 231,269 | 134,879 | 103,773 | 100,785 | 95,990 | 86,410 | 71,697 | 67,520 | 56,750 | 55,400 | 64,120 | 62,750 | | |
| Received after closing | | 35 | 350,000 | | | | | | | | | | | | | | | |
| TOTALS | 13,905 | 3,249 | | | | | | | | | | | | | | | | |

Based on this survey, the Advertising Department estimates total advertising expenditures for all commercial banks in U. S. for 1959 to be about \$143,000,000.

your own deposit classification, it is well to bear in mind that averages merely show trends, and neither they nor the maximum amounts spent by other banks should be adopted as an appropriate budget for your bank. While it is helpful to know what other banks are spending, it is a mistake to base your own appropriation on these other figures.

Robert Lindquist, vice-president of the Harris Trust and Savings Bank of Chicago, in his book, *The Bank and Its Publics* (Harper & Brothers, New York), in commenting on this subject, says: "Another popular shortcut which some banks attempt to use in the determination of their public relations or advertising budget is to base it on what other banks spend. When we realize the great differences among banks as to age, community, competition, services, policies, opportunities, ambitions, and many other respects, it is readily seen that there can be no common basis for comparison. Even if a bank were to find another institution exactly equal to it in present status, they may be as far apart as the poles in their philosophy of public relations. Again there must be no substitute for a bank to plan its own long-range program and build its budget to fit that program."

No formula or slide-rule method of establishing a bank advertising budget has yet been devised that will adequately give you the proper

amount. Therefore, it is best to avoid any attempt to base a bank's advertising budget on a percentage of deposits, resources, capital funds, gross earnings, or net earnings. The most used and the most sensible method is to base the appropriation on the specific job to be done in your own city.

There are times when a bank will find it profitable to spend even more than the maximum amount spent by banks in a similar deposit classification.

Where Will Banks Advertise?

In the 1959 survey, reporting banks said they would use the following media:

| Media | Number of banks reporting |
|---|---------------------------|
| Newspapers | 2,846 |
| Window and lobby posters | 2,554 |
| Direct advertising material (folders, booklets, inserts) .. | 2,230 |
| Calendars | 1,888 |
| Radio | 1,448 |
| Specialties | 1,343 |
| Outdoor boards | 881 |
| Movie screen | 468 |
| TV | 315 |
| Magazines | 178 |
| Bus and car cards... | 169 |

The Top 10 Media Selections

Banks were asked which media would receive the greatest emphasis.

The number of banks that said they would give either first, second, or third emphasis to the various media are as follows:

| Media | Total number of mentions |
|-----------------------------------|--------------------------|
| Newspapers | 2,679 |
| Direct advertising material | 1,440 |
| Calendars | 1,215 |
| Radio | 1,172 |
| Specialties | 652 |
| Window and lobby posters | 528 |
| Outdoor boards | 461 |
| TV | 230 |
| Movie screen | 151 |
| Bus and car cards..... | 49 |

Media preferences have varied little in the past five years. Newspapers have consistently been in first place. Direct mail material has held the second spot, with the exception of the year 1955, when it was third. Calendars have been third, except in 1955, when they were in second place. Radio, specialties, posters, and outdoor boards have been respectively, the fourth, fifth, sixth, and seventh choices during this period. TV has moved to eighth position compared with 11th in 1955.

What Do Bank Advertising Men Advocate for 1959?

Bankers were asked, "What is the major advertising job for 1959?" Most of their 2,136 specific replies sort into two fairly evenly divided

Emphasis Chart

Figures Given Indicate Total Number of Banks Which Will Give First, Second, or Third Emphasis to That Particular Service

| 1959 Service | Number of Mentions | POSITION | | | | | | | | | | | | | | |
|----------------------------|--------------------------|----------|------|------|------|------|------|------|------|------|------|------|------|------|------|--|
| | | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | |
| Savings..... | 2,096 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 8 | 10 | |
| Regular checking..... | 1,927 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 5 | 8 | |
| Auto loans..... | 1,386 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 1 | 1 | |
| Personal loans..... | 548 | 4 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 5 | 6 | 9 | 5 | 3 | 3 | |
| Bank-by-mail..... | 435 | 5 | 4 | 4 | 4 | 7 | 5 | 7 | 7 | 7 | 7 | 7 | 13 | 15 | 13 | |
| Farm production loans..... | 368 | 6 | 8 | 8 | 6 | 6 | 7 | 6 | 5 | 4 | 5 | 4 | 6 | 4 | 4 | |
| Mortgage loans..... | 365 | 7 | 10 | 10 | 7 | 5 | 6 | 5 | 6 | 6 | 4 | 5 | 4 | 2 | 2 | |
| Institutional..... | 362 | 8 | 6 | 11 | 9 | 9 | 11 | 11 | 9 | 12 | 13 | 12 | 11 | 12 | 12 | |
| Repair loans..... | 354 | 9 | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 11 | 10 | 11 | 8 | 9 | 6 | |
| Special checking..... | 317 | 10 | 7 | 6 | 10 | 12 | 9 | 9 | 10 | 13 | 11 | 8 | 12 | 10 | 11 | |
| Safe deposit..... | 244 | 11 | 11 | 7 | 11 | 10 | 10 | 10 | 12 | 10 | 12 | 13 | 14 | 16 | 15 | |
| Drive-in..... | 232 | 12 | 12 | 15 | — | — | — | — | — | — | — | — | — | — | — | |
| Farm equipment loans..... | 177 | 13 | 14 | 13 | 12 | 11 | 13 | 13 | 13 | 9 | 9 | 6 | 7 | — | — | |
| Trust service..... | 166 | 14 | 13 | 14 | 14 | 15 | 15 | 14 | 14 | 14 | 14 | 14 | — | — | — | |
| Business loans..... | 160 | 15 | 15 | 12 | 13 | 15 | 12 | 12 | 11 | 8 | 8 | 10 | 9 | 7 | 7 | |
| Home appliance loans..... | 147 | 16 | 16 | 16 | 15 | 14 | 14 | 15 | 15 | 15 | 15 | 15 | 10 | 6 | 5 | |
| Free parking..... | 108 | 17 | 18 | 18 | — | — | — | — | — | — | — | — | — | — | — | |
| Educational..... | 77 | 18 | 17 | 20 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 16 | 16 | 14 | 14 | |
| Night depository..... | 60 | 19 | 20 | 19 | — | — | — | — | — | — | — | — | — | — | — | |
| Life insurance loans..... | 52 | 20 | 19 | 17 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 17 | 17 | 13 | 9 | |
| Christmas Club..... | 14 | 21 | — | — | — | — | — | — | — | — | — | — | — | — | — | |
| Correspondent banking..... | 7 | 22 | 21 | 21 | — | — | — | — | — | — | — | — | — | — | — | |

30 Most Often Mentioned Services Being Started

| Service | Added in 1958 | Will Add in 1959 | Service | Added in 1958 | Will Add in 1959 |
|--------------------------|------------------|---------------------|-------------------------------|------------------|---------------------|
| Drive-in banking | 123 | 117 | Instalment loan dept. | 23 | 9 |
| Night depository | 78 | 37 | Special checking accounts | 22 | 18 |
| Electronic bookkeeping | 68 | 32 | New building | 20 | 18 |
| Free parking | 56 | 49 | 24-hour depository | 17 | 0 |
| Posting machine | 47 | 7 | New branches | 16 | 17 |
| Christmas Club | 42 | 14 | Remodeled bank quarters | 15 | 7 |
| Trust dept. | 40 | 0 | Savings account dept. | 14 | 2 |
| Free personalized checks | 34 | 10 | Vacation Club | 12 | 3 |
| Bank-by-mail | 33 | 0 | School savings | 11 | 7 |
| Walk-up window | 32 | 9 | Drop-in letter | 9 | 4 |
| Micro-film (Recordak) | 30 | 6 | Automatic savings | 8 | 2 |
| Proof machine | 28 | 11 | Copying machine for customers | 8 | 0 |
| Money orders | 27 | 3 | ThriftiCheck | 7 | 0 |
| Safe deposit boxes | 26 | 6 | Auto loans | 7 | 2 |
| FHA financing | 24 | 7 | Extended bank hours | 7 | 0 |

categories: (1) Sell savings and thrift. (2) Sell and explain banking to the public. Of course there were many offshoots of each of these main divisions. Here are a few quotations which reflect a cross-section of bank advertising thought across the nation:

Sell Savings and Thrift

"Continue to sell the bank as the best place for savings."

"Savings and thrift are still the basic point we should stress in order to combat inflation."

"Savings must still be the big selling job for 1959, due to loan demands; checking account promotion is the second in importance."

"Continue 'Bank Is Saver's Best Friend' program."

Sell and Explain Banking to the Public

"Switch from institutional to sales advertising."

"Sell banking services more aggressively."

"Merchandise our product and continue selling the customer after he buys. Attrition is our greatest enemy."

"Educate the public in economics, which apparently is sadly neglected in schools."

"Deter inflation. Try to influence the public to get government on all levels—city, state, Federal—on sound fiscal basis, balance budgets, live within income."

"Tell the public what we have to offer and stop defensive, negative advertising in regard to our competitors."

"Each bank should attract to itself—aggressively but in good taste—all of the banking business possible, particu-

larly deposit business, while at the same time creating a favorable over-all impression towards banking generally."

"Make 'John Q. Public' bank-minded!"

"Sell the bank as a complete, one-stop financial service organization."

Other Viewpoints

Although in the minority, there were some expressions of opinions as to the important job for advertising in 1959 which reflect thinking in other categories than those listed above. Here are some typical examples:

"Concentrate on fewer media to make a bigger impact."

"Tell public differences between banks and other types of thrift institutions."

"Stress safe banking principles, not small down-payments, long terms."

"I do not think we should belittle other agencies, but educate the public as to the services we offer and their advantages."

What Bank Services Will Receive Greatest Emphasis?

In the chart (see page 75), the figures given indicate the total number of banks planning to give either first, second, or third emphasis to that particular service.

What New Services Are Banks Adding?

Out of 3,249 replies to the A.B.A. questionnaire on bank advertising for 1959, 322 banks said that they now have electronic bookkeeping systems, and 68 of these banks said that

they installed them in 1958. In addition, 234 banks said they would install electronic systems in 1959. Other new services installed in 1958, or to be installed in 1959, are shown in the accompanying list. In addition to electronic bookkeeping systems, drive-in facilities, night depositories, free parking, and new building dominate the list. All of these improvements will be prominently advertised this year.

Marketing and Advertising Research

Sixty-six of the reporting banks said they had undertaken local market research, and 49 more said they had made local bank readership surveys. The A.B.A. Advertising Department is planning to poll these banks for case history reports which, if a sufficient number are forthcoming, will be the basis for another article to appear in a future issue of BANKING.

More 1959 Survey Details Are Available on Request

A more detailed tabulation of the results of this 1959 survey of commercial bank advertising, showing the range of expenditures of banks in each million dollar deposit classification from \$1,000,000 to \$10,000,000, and for many deposit size groups above \$10,000,000, will be sent to each bank that participated in the survey. Copies of these detailed reports will be sent on request to other banks or their advertising agencies as long as the supply lasts.

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paying the penalty for cramped quarters?

It's a mighty uncomfortable position, being locked in with no room to expand as business grows. And it *can* happen, even in fairly new quarters, when a bank's design is not projected into the future.

Providing realistic plans for a building that will continue to serve you demands a particular skill...the skill of design specialists *within the financial field*.

Bank Building Corporation has completed over 3,400 successful financial

projects. They know the importance of locating equipment in relation to future needs, and of incorporating community trends into your own projected growth patterns. They build-in expansion potential *now*, when it's most economical.

Whatever your plans...building or remodeling...don't find yourself back in a needlessly cramped position in a few years. Bank Building's specialists can keep you free to move with the times.

Bank Building Corporation



OF AMERICA

ST. LOUIS, 1130 Hampton Avenue

NEW YORK • CHICAGO • SAN FRANCISCO • ATLANTA • AUSTIN

Operating Outside the Continental U. S. as: Bank Building Corporation, International



Thinking about remodeling? This booklet may help you! Write for "Banker's Guide to Remodeling"...dramatic photo case histories of banks that transformed existing premises into profitable new quarters.



Merchandising Products Abroad?

If you serve clients who are engaged or interested in merchandising products abroad ... or seeking reliable sources of foreign goods for import ... we invite you to investigate the many services offered by City National's foreign banking department. Our experienced staff specializes in difficult assignments, and has even been known to locate new markets for fish eggs (Buenos Aires) and corn cob pipes (Sweden) as part of their foreign services.

These include purchase and sale of foreign exchange, specialized import-export services, commercial letters of credit, cabled money transfers, etc. And our network of over 400 foreign correspondent banks and direct contacts with virtually every major foreign city are always at your service. So, please call on us any time we can be of assistance to you or your clients.

Your Kansas City Account Is Cordially Invited

CITY NATIONAL BANK and Trust Company of Kansas City, Missouri

10TH & GRAND • KANSAS CITY 41, MISSOURI

Established 1913 Member Federal Deposit Insurance Corporation



INSTALLMENT FINANCE CHARTS

"The House of Charts"

AMERICAN CHARTS COMPANY ATLANTA FIVE

138,611 A.I.B.

Members a Record

THE American Institute of Banking, educational section of the A.B.A., continues its tremendous growth by setting another all-time high in membership and enrolments, according to Joseph T. Trapp, of Liberty Bank of Buffalo, N. Y., who is chairman of the A.I.B.'s National Membership and Enrolment Committee. The midyear membership figures for the Institute set a record high for the twelfth consecutive year, Mr. Trapp pointed out.

The membership of the A.I.B. on January 1, midpoint of its scholastic year, was 138,611, with 59,584 enrolments in A.I.B. classes. This membership compares with 131,692 at the same time last year. There were 57,962 enrolments on January 1, 1958.

The committee reported that, during 1958, nine new Institute chapters were formed, bringing the total A.I.B. organizations to 304 chapters and 174 study groups in as many cities and towns.

California continues to have the largest A.I.B. membership—18,950 members in 34 chapters and study groups. New York shows the largest growth in membership during the year, with the state's total membership increasing by 1,057.

BESIDES Mr. Trapp, the Committee membership includes: E. F. Cotter, Federal Reserve Bank of Boston; F. B. Allen, Jr., The Maplewood (N. J.) Bank and Trust Company; S. K. Dyer, Gimbel Brothers Bank and Trust Company, Philadelphia; Winifred McKendrick, Farmers Bank of the State of Delaware, Wilmington; W. A. Waller, Jr., Branch-Federal Reserve Bank, Birmingham, Ala.; J. P. Becker, Fort Worth National Bank; R. L. Dibb, Bank of America N.T. & S.A., Brawley, Calif.; A. D. Coffman, Bank of America N.T. & S.A., Fresno, Calif.; Walter Reiter, The Yellowstone Bank, Laurel, Mont.; Ray Meckfessel, Boatmen's National Bank, St. Louis; J. D. Keckley, American Fletcher National Bank and Trust Company, Indianapolis; and Ralph Pierce, Jackson City Bank and Trust Company, Jackson, Mich.



Man on a white charger...

There's no sharp ending to a banker's day. As often as not, the average banker finds that five o'clock brings only a new cycle of duties and responsibilities.

He's the man his neighbors look to for leadership. To take charge of the community fund drives. To raise the money for the new school. They expect so much more than just

the answers to their financial problems. And most bankers give so much more than just financial answers. It's small wonder that many people regard the banker as a kind of hero... *a kind of knight on a white charger!!!*

* * *

At City National, we serve many bankers around the country. We act

as their eyes and ears in the Midwest. We use our facilities to get the information they need. We help them give their customers the kind of service they want to give.

Maybe *you*, too, could use a strong partner in Chicago. If you'd like to learn of the service we can give, why not phone us. We'd like to do business with you.

Member
Federal Deposit
Insurance
Corporation



CITY NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
208 South La Salle Street • FRanklin 2-7400



Small fry and grownups alike are fascinated by this incubator featured in the lobby of the First National Bank in DeKalb, Ill., during the Lenten season

News for Country Bankers

This department is edited by
MARY B. LEACH of BANKING's staff.

Lobby Displays Help Build Customer Goodwill

THE agricultural officer of the First National Bank in De Kalb, Ill., Aaron Hanson, serves as outside farm representative, makes farm and real estate instalment loans, and assists with general bank administration. Here, briefly, is First National's farm relations program, as outlined by Mr. Hanson: (These projects, as a rule, are not continuous, but are used from time to time.)

Every Saturday, starting at 12:30, I have a radio program over WLBK, DeKalb. This program consists of interviews with farmers, agricultural leaders, and covering any subject that would be of interest to the listening audience. It is tape recorded and unrehearsed. The bank pays for the broadcasting time. We have found that this is very helpful in bringing the bank to the farmer.

Until recently we had a blackboard and magazine rack in the lobby of our bank. Every morning someone would write on the blackboard pertinent facts

and announcements that would seem of value to the farmer. Due to increased traffic, we had to dispense temporarily with this rack. Whenever we get more room, however, it will be reinstated.

We have had a glass enclosed table in the corner of the lobby which served as a show case for articles of interest to the customers. The show case, for example, displays cuts of meat (plastic replicas), handcraft by the 4-H, nativity scenes at Christmas, and trophies for presentation to Boy Scouts and 4-H Clubs.

During Lenten seasons we have placed in our lobby an incubator where chicks were being hatched. This has been very appealing to all ages. The cost of this project is nil.

During dairy month in June the bank has served milk in the bank lobby. We have a stainless steel milk dispenser standing on a table in the rear. The local dairy furnishes the milk free of charge. The bank pays for cookies and tips to the 4-H girls who act as milk maids. This scheme has created a tremendous amount of goodwill.

Besides these activities, I am chairman of the agricultural relations committee of the Chamber of Commerce; work with the Extension Service; and cooperate with the vocational agricultural department in the high school in our bank community.

Agricultural Agency Booklet

THE Agricultural Experiment Station, University of Tennessee, Knoxville, recently published *The Agricultural Representative Program in Commercial Banks of Tennessee*, a 28-page booklet. The authors of this study are R. G. F. Spitze, agricultural economist, and R. J. Bevins, formerly assistant extension economist.

Among other things, the booklet discusses the benefits and costs of a farm representative to the bank and to the farmer.

Texas Bank's Farm Program

THE agricultural program of the First State Bank of Dimmitt, Tex., was described in a letter to BANKING by Edd C. McLeroy, assistant vice-president and farm representative.

"We feel," he said, "that we are offering a service to our customers that might be worth while passing on to other country bankers.

"First, I would like to say that we are serving an area that has previously been a wheat and cattle country; however, it is now an irri-

gated, highly mechanized, specialized, and technical farming area. This area is very productive, expensive, and often very hazardous, due to weather conditions. This means that our farm customers can make or lose thousands of dollars in one year. Our major crops are grain sorghums, wheat, cotton, and vegetables, with livestock playing a come-back role."

Mr. McLeroy then outlined some extra services that have been given the bank's customers since his appointment in January 1956, as follows:

A monthly newsletter covering local conditions, crop prospects, and other timely news items, is mailed to our borrowers, depositors, prospective customers, out of state landowners, railroads, utility companies, insurance companies, and to others who ask to be placed on our mailing list. This service has brought us a number of good customers and has caused many others to speak in complimentary terms of this service.

We work with our customers on soil, water, fertilizer, insect control, and other problems related to irrigation farming.

We sponsor farm tours to recognize outstanding farmers and good farm management practices. We also furnish noon meals at these farm tours.

We work closely with and assist the Extension Service, Soil Conservation Service, and the 4-H Club and FFA program.

A new bank building was completed in November 1958 in which a 20' by 40' community room, with complete kitchen facilities, was included. This room is used regularly by various civic groups, farm organizations, and others. The bank sponsors educational meetings by bringing in outstanding speakers on various subjects related to agriculture in this area.

We assist and encourage farmers to do a better job of record keeping.

We assist farmers in making farm inventories and preparing current financial statements. We keep a systematic file of these financial statements and are able to check the financial progress of our borrowers.

The writer serves as a director of the Plains Cotton Growers, Inc.; secretary-treasurer of the Castro County Grain Sorghum Producers Association; chairman of the 4-H Adult Leaders; serves as general superintendent of the County Junior Fat Stock Show; and serves on other civic and church committees.

Mr. McLeroy said that his bank considers the monthly newsletter and the community room its most valuable and appreciated services.



Frank W. Black



Robert G. Cooke



Belden L. Daniels



N. A. Jamba



W. J. Kinnamon



Albert L. Muench



H. W. Schaller



Roy G. Shaull

At right —

Geo. H. Stebbins

Edward R. Tufts

W. Rockefeller



Eastern States' Bankers Groups Cosponsoring Eastern States Agricultural Conference in New York March 30-31

THE Eastern States Agricultural Conference to be held at the Hotel Manhattan in New York City on March 30-31 is being sponsored by a committee representing the eastern states' bankers associations and the American Bankers Association.

The membership of the committee is as follows:

Frank W. Black, executive vice-president, Peoples National Bank, Barre, Vt.; Robert G. Cooke, assistant vice-president, Industrial National Bank of Providence, R. I.; Belden L. Daniels, executive manager-secretary, Pennsylvania Bankers Association, Harrisburg; Nicholas A. Jamba, vice-president and manager, agricultural department, The National Bank & Trust Co., of Norwich, N. Y.; William J. Kinnamon, president, The Hunterdon County National Bank, Flemington, N. J.; Albert L. Muench, executive vice-president, New York State Bankers Association, New York; Harry W. Schaller, chairman, A.B.A. Agricultural Commission, and president, The Citizens First National Bank, Storm Lake, Iowa; Roy G. Shaull, vice-president and trust

officer, Harrisburg (Pa.) National Bank, Mechanicsburg; George H. Stebbins, president, Simsbury (Conn.) Bank and Trust Company; and Edward R. Tufts, executive secretary, Massachusetts Bankers Association, Boston.

Messrs. Black, Jamba, Schaller, and Shaull are among the speakers on the conference program.

Other conference speakers include John W. Remington, vice-president of the A.B.A., and president of the Lincoln Rochester Trust Company, Rochester, N. Y.; R. I. Nowell, vice-president, The Equitable Life Assurance Society of the United States, New York, speaking on "The Nation's Economic Philosophy"; Representative Clifford G. McIntire (Maine), on "Current Comment on Policy Related to Agricultural Credit"; Winthrop Rockefeller, chairman, Arkansas Industrial Development Commission, Morrilton, Ark., and other prominent bankers.

Production Loan Ads

AN experiment aimed at encouraging farmers to investigate complete production loans with their

banker is now being conducted in Illinois and Indiana. It is believed to be the first large-scale experiment of its type and takes the form of a farm paper advertisement urging farmers in these two states to visit their bankers and discuss the merits of this type of loan.

Sponsored by Spencer Chemical Company, the advertisement features I. Frank Green of the Commercial National Bank, Peoria, Ill., and W. Haynes Starbuck of the Peoples' Bank, Portland, Ind. Both men are chairmen of the agricultural committee in their respective state bankers associations.

City Bank's Letter for Country Banks

USING a format that changes in color from month to month, Douglas F. Graves, assistant vice-president, Chicago National Bank, edits a newsletter, *Agricultural Comments*, which is sent to some 1,300 country banks in the Midwest on a four to five times a year schedule.

The newsletter is presented in an attractive 2-color dress, such as yellow and green or yellow and red, and in it Mr. Graves discusses subjects of current interest to country bankers.

Tree Fertilization Study

UNDER what conditions will it pay to fertilize trees? That is the basic question prompting a study now beginning at North Carolina State College. The study is being carried on jointly by the college's School of Forestry and its Experiment Station and Allied Chemical Corporation.

Other questions the study will seek to answer are: (1) What is the minimum amount of nutrients a tree can have in its foliage without being limited in growth by "hunger"? (2) Is it possible to tell how much and what analysis fertilizer a tree needs by checking the nutrient level of soil and foliage? (3) Can you trigger a growth response by applying the fertilizer these tests indicate the tree needs?

The current study is on loblolly pine, one of the most important timber trees of the South and the nation. Sample trees have been selected from plantations on good

sites, sites of medium quality, and very poor sites.

Project leader for the study is Dr. T. E. Maki, head of the college's Department of Forest Management. Dr. Harvey J. Stangel, chief agronomist of the Nitrogen Division, Allied Chemical Corporation; Dr. Ralph McCracken, of the Soils Department, North Carolina State College; and Dr. David Mason, of the Department of Experimental Statistics, are serving as advisors for the project.

A Kwick Klerk Sales System

THE First Citizens National Bank in Watertown, S. D., has cooperated with other banks in North Dakota and adjacent states in developing a system for clerking auction sales which has proved quite satisfactory. Reporting on the Kwick Klerk Sales System, Vice-president L. H. Karbo states:

"We have been clerking auction sales for the last 21 years and during that time we have found that the old systems were slow in their operation and not as efficient as what we have developed at this time."

Included in the kit of materials sold for use in clerking sales is an instruction sheet outlining the procedure to be followed; a numbered, 10-item clerking sheet, in quadruplicate, with space for the name of the purchaser, the item bought, and the name of the bank; a clip board; and a file.

Mr. Karbo reports that the bank has used this system for about five years "and is very happy with it."

Farm Exports May Drop

AGRICULTURAL exports, chief outlet for the nation's mounting farm surpluses, are likely to slip below 1958's high level in the year ending June 30, 1959, reports the Federal Reserve Bank of Chicago in its monthly review, *Business Conditions*.

Stronger competition for foreign markets, the increasing production in many importing countries, and the slackened demand for cotton are factors which will affect 1959 volume, says the bank.

Even a modest decline would mean that more of 1958's record harvest will be added to the already burdensome surpluses of several major crops. The biggest gains in

crop production in 1958 were in the important export commodities. Wheat was up 50%, soybeans up 20%, and corn and other feed grains up 10% over 1957.

Shift Production to Needed Products, Says Shepardson

WHILE speaking on "Our Common Interest" at the Farmer-Banker meeting of the New Jersey Bankers Association at Trenton, Charles N. Shepardson, member of the Board of Governors of the Federal Reserve System, discussed overproduction and acreage controls.

"As I see it," he said, "the answer to this phase of our problem lies in a readjustment of our land utilization, shifting from the production of surplus commodities to those for which there is a more effective demand. It is easy to sympathize with the man who would like to continue production of a given commodity, but it is questionable whether society is justified in supporting him in the production of something for which it has no need. Ours is a progressive society and progress means change."

In a reference to the country's international relations, Mr. Shepardson said he considers economic warfare as great a threat, or greater, than armed conflict and he pointed to "the vital importance of maintaining in this country a sound, vigorous economy."

In a discussion of inflationary trends and the pressure on members of Congress to support this and that appropriation for items that the public wants in various Congressional districts, Mr. Shepardson said that "if we decide to spend we can pay for it one way or another but if it is done without subjecting ourselves to the discipline of sound fiscal policy, it can be tragic."

A feature of the NJBA's farmer-banker meeting was the presentation of a \$500 check to the New Jersey 4-H Extension leader to cover the expenses of a trip to the National 4-H Club Congress in Washington for four New Jersey 4-H Club national winners.

No two persons are alike and they're both glad of it.

The bigger the summer vacation bill, the harder the fall.

Special bank displays like this emphasize modern farm equipment as a sound investment . . . and demonstrate the role bankers play in financing modern agriculture.

serving progress together



Working together, banking and farm machinery serve the needs of agriculture. Banks are well aware of the opportunities offered by agriculture, food production, and processing.

In farm machinery, Allis-Chalmers has blazed new trails in developing tractors and equipment that enable farmers to do more work faster . . . at lower cost.

The D-17 Tractor, for example, proved itself in a recent comparative test by plowing more acres than a heavier, older model tractor . . . and did it with important savings of fuel.

Cost-saving performance like this imparts greater value to the new machine tools of agriculture . . . and makes loans for their purchase a sound investment.

ALLIS-CHALMERS, FARM EQUIPMENT DIVISION, MILWAUKEE 1, WISCONSIN

ALLIS-CHALMERS



How to Make Farm Income Tax Services Pay

EARL F. CROUSE

The author is president of the Farm Business Council, Inc., in Urbana, Ill.

INCOME tax services for farmers involve the entire program of the bank. Although bankers do not participate directly in helping fill out farm income tax returns, good tax management involves money, and money is the business of bankers.

What farmers need more than anything else is a constant friendly nudging to do the things they know they should do. Every act involving the use of money and credit should be considered in light of its effect on income taxes.

How Banks Nudge Farmers

Here is what a few bankers do to nudge their farm customers into keeping proper tax records:

"A lot of our advertising emphasizes the use of checking accounts as a good way to keep a simple farm record. At the same time it is a permanent record which can be used in case a farmer is checked by the Internal Revenue Service," writes H. E. Rogier, president, The First National Bank of Vandalia, Ill.

"For several years our bank has mailed a 'simplified' farm account book to all boxholders on Jacksonville rural routes. Also, copies of the book are kept available in our lobby so our customers can pick them up. Just last week a local attorney, who prepares a large number of farm returns, told us that he encourages his clients to use these books," reports Edwin H. Garlich, assistant vice-president and farm manager, Elliott State Bank, Jacksonville, Ill.

"Our bank invites a tax man, usually a certified public accountant, to come to our bank to help customers prepare their tax returns. We provide the office and let our customers know when the tax man



Earl F. Crouse

will be here by statement stuffer, newspaper ads, and lobby displays. Charges for this service are made by the tax man and not by the bank," says Edward Brown, farm representative, The First State Bank, Ketchum, Okla.

As these observations indicate, bankers are the silent partners in all matters relating to farm income taxes. However, more and more bankers are assuming an active role in farm income tax management, with profit for themselves and the farmers they serve. To do so requires a good working knowledge of income tax laws as they relate to farm management decision-making.

Bankers have a year-round responsibility and opportunity to serve their farm customers in the area of income tax management. Every decision regarding the use of money in the farm business is an opportunity for the banker. Here are some of the ways bankers make tax management problems pay:

Help Convert Ordinary Income into Capital Gains

When you help farmers convert ordinary income into capital gains

"Your imagination is the only real limit on how far you can go in this field of making farm income tax problems pay—and it is a service where everybody but the tax collector benefits."

you help build a stronger farm account. The 1958 income tax law allowing 20% additional first year depreciation can be such a tool in your hands. When employed along with other "fast-write-off" privileges, you can help farmers even out farm income from year to year, equip their farms with better machinery, introduce better breeding stock, and in other ways help farmers manage their farm affairs with more profit to themselves.

For example: Investing \$5,000 in bred heifers or in machinery with a normal expected life of at least six years can "reduce" ordinary income by \$1,000 when the 20% additional first year depreciation schedule is applied. Adding an 8-year double declining balance schedule of depreciation will permit another \$1,000 depreciation in the first full year the item is owned. Then when these animals are sold, the profit is reported as capital gain.

When your bank makes a loan that helps a farmer buy livestock or machinery subject to such depreciation, it is easy to see how much you have helped him and your community. A cut of \$2,000 in taxable income can mean a lot.

Shifting Income

Some farmers may even find it to their advantage to shift income from one year to another in order to make the most of this new income tax tool. By advancing expenses and carrying over income (or vice versa) it is possible to alter greatly the taxable income in any one year. When this is offset with the purchase of depreciable livestock or machinery, the overall tax saving can be substantial — without overextending a sound line of credit. No maneuver of this sort should be attempted without come careful pencil pushing.

Farmers who report on a cash basis (and 90% do) report income as
(CONTINUED ON PAGE 86)



Purina Dealer Schultz discusses his business expansion with executives of First National Bank. (Seated, left to right, Bank President Dunn, Dealer Schultz, Cashier G. LeRoy Hegener. Standing, Assistant Cashier Jack Burrus.)

"OUR WORK WITH OUR PURINA DEALER IS A VALUABLE COMMUNITY SERVICE"

*— says E. Miller Dunn, President,
First National Bank, Beardstown, Illinois*

"We actually have worked with our Purina Dealer 'from the ground up,'" says Banker Dunn. "When the dealership, Crestwood Farm Supply Company, was organized, we supplied capital for constructing its business building.

"Now Crestwood Farm Supply Company has credit with us to our limit. This credit is used for operating capital and for expansion as the firm grows.

"We feel that our financing of our Purina Dealer is a community service. The firm has established Check-R-Mix and bulk delivery which this farming community needs. Its on-the-farm service helps farmers by bringing Purina Research findings to them.

"Our Bank makes livestock and poultry production loans, many of them to our Purina Dealer's customers. We have had no losses on such business.

"Farm folks, who formerly traded elsewhere, have been attracted to Beardstown by Crestwood Farm Supply. That has helped other Beardstown businesses, and, of course, brought added volume to our Bank."

* * *

Crestwood Farm Supply Company, headed by Richard C. Schultz, was founded a little more than three years ago. The business has grown until its present annual deposits with First National Bank are between \$250,000 and \$300,000.



PURINA...YOUR PARTNER IN SERVING ANIMAL AGRICULTURE

received and expenses as paid. Fuel, fertilizer, feed, seed, and a host of other expenses can be moved from one year to another, backwards or forwards, simply by the way in which bills are paid.

Items bought on open account cannot be claimed as expenses until paid. A bank loan to clean up all outstanding bills puts money through the farm account and, without changing the farmer's financial position at all, makes it possible to claim the expense against current income.

Items needed in next year's operation can be bought and paid for in advance. And, even if the entire amount is borrowed from the bank, it can be charged off as expense in the current year. Or, taken the other way around, a farmer can accept delivery of such items in the current year but wait until after the beginning of the new year to pay.

Many farmers and farm bankers have frowned on such practices in the past, but the tax bite has become so heavy that it is time to take a new look. A little pencil work will show you what it can mean in dollars and cents.

Help Make Record Keeping Automatic

As suggested already, the desirability, and for many the near necessity, of putting every dollar of income and expense through a checking account can hardly be overemphasized. Most successful farmers insist on paying cash. To many this means laying the money on the counter.

With income taxes and records assuming more and more importance each year, country bankers can well afford to educate farmers in how to use a checking account.

When all money transactions go through the checking account, book-keeping chores can be cut to a minimum. One or two nights a month at most will get the job done, and with less chance of error than trying to keep track of cash money pushed over the counter as items are purchased. Operating on a cash-out-of-pocket basis never gives complete control of expenses.

Help With a "Farm Relations" Program

Most country bankers tie at least a part of their public relations program around the income tax prob-

lems of their farm customers. The franchised newsletters, when properly edited with the single objective of helping build bank business, can fill this need very effectively. The income tax information that they carry should be based on sound farm management principles. It is a good thing to bolster the newsletter with special income tax reports, especially in the period from December 1 to April 15.

Time Is Only Cost

It cost nothing but time to secure copies of all income tax and social security tax forms and make them available in the bank lobby. This serves the added purpose of reminding farmers that all or most of these forms are needed if they are to keep their record clear in matters relating to Federal taxes. A stop at one bank turned up these forms and tax helps:

(1) How To Prepare Your Income Tax Returns on Form 1040 for 1958

(2) Farmers' Tax Guide, Income and Self-employment Taxes, 1959 edition, IRS Publication No. 225

(3) Form 1040-ES, Declaration of Estimated Income Tax—Instructions

(4) Form 1040, U. S. Individual Income Tax Return—1958

(5) Form 1040A, U. S. Individual Income Tax Return (less than \$10,000 total income)—1958

(6) Instruction 1040A, (1958) for Employees Who Earned Less Than \$10,000 in 1958

(7) Schedule C (form 1040) Profit (or loss) From Business or Profession, 1958

(8) Schedule D (form 1040) Gains and Losses from Sale or Exchange of Property

(9) Schedule F (Form 1040) Schedule of Farm Income and Expenses, 1958

(10) Instructions for "Schedule F (Form 1040)"—Additional Income Tax Instructions for Farmers, 1958

(11) Form W-2 Withholding Tax Statement 1958

(12) Form W-4 Employees Withholding Exemption Certificate

(13) Form 943—Employer's Tax and Information Returns for Agricultural Employees

(14) Forms 1096 and 1099, U. S. Information Return for Calendar Year 1958.

Afternoon or evening short courses on how to manage income taxes and

keep more of the money at home can be a profitable part of a "farm relations" program. The state extension service is often in a position to provide a speaker. Sometimes it is possible to cooperate with local farm organizations in putting on the program. Such things as providing a hall, publicizing the meeting, or furnishing refreshments will help identify the farm banker with his customers.

In keeping with a good "farm relations" program, some banks offer a consulting service that involves how best to set up a major farm transaction to hold taxes (income, capital gains, or inheritance) to a minimum. Even the banker who feels inadequate to handle such matters can direct his farm customers to those who can help. Often just knowing when help is needed and where to find it is enough.

When Farmer Needs a Bank Friend

Farming has become such a specialized business, demanding so much of the farmer's creative time, that he has had little experience in major money matters. That's when a farmer needs a banker friend to help him.

Such simple things as selling a farm on contract and accepting not more than 30% as downpayment and spreading the income over three years or more to reduce the tax may have escaped the operating farmer. Problems of inheritance, the family corporation, trusts, and a host of related money-management problems are foreign to most farmers. Yet wise decisions regarding their farm business implications can mean hundreds or thousands of dollars in terms of deposits and loans in the bank, not to mention the stronger financial position of farm operators in the community.

Limited Only by Imagination

Your imagination is the only real limit on how far you can go in this field of making farm income tax problems pay—and it is a service where everybody but the tax collector benefits. In the long run even he has nothing to lose, because a financially sound farm business is essential to a farmer's continuing ability to pay. Money is the business of farm bankers and income tax problems are money management problems. When you tackle them as such, you can make them pay.



A HEALTHY PLACE FOR PEOPLE AND DOLLARS TO LIVE IN

With life expectancy among the highest, and the death rate one of the lowest in the world today—Canada offers rich *living* rewards to people of any age. They include a land of vast and varied recreational opportunity, a dynamic industrial economy and natural resources of amazing wealth and diversity.

With a population now exceeding 16 millions and a yearly gross national product approaching 30 billions, Canada has attracted thousands of U. S. firms, large and small. Our country is not merely a rich source of supply of raw materials and finished goods but an expanding market for a wide range of U. S. products not grown or made in Canada.

Our goal as one of Canada's largest banks is to promote the prosperity of U. S.-Canadian commerce. We wel-

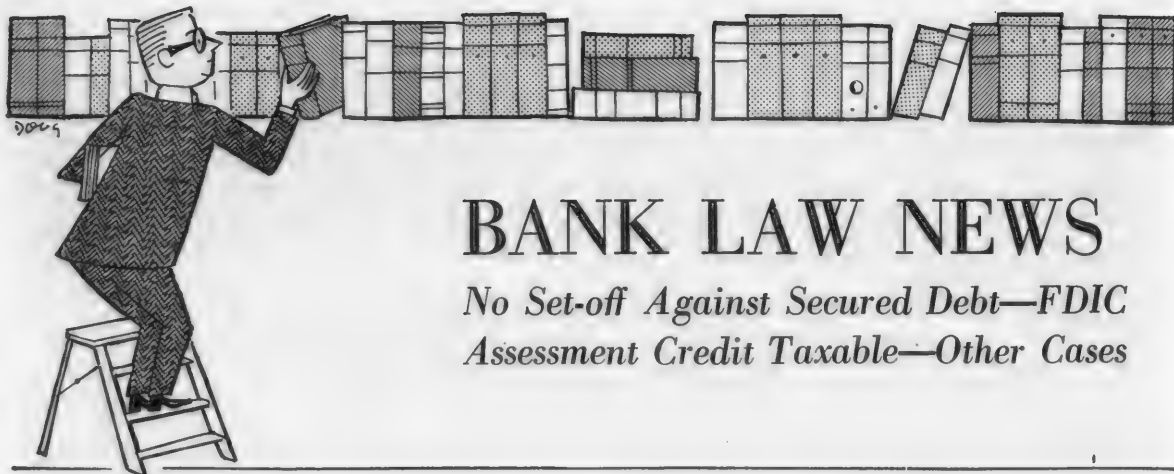
come inquiries from U. S. bankers who recognize the desirability of creating larger American markets for Canada's products and services as the super-highway to heavier Canadian orders for America's manufactures. We invite opportunities to assist any of your own customers who seek to develop their potentialities in our country. Write to our Business Development Division, Head Office, Toronto 1, Canada.

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BANK LAW NEWS

No Set-off Against Secured Debt—FDIC Assessment Credit Taxable—Other Cases

NO SET-OFF AGAINST SECURED DEBT

New Mexico bank may not set-off deposit against matured second debt.

In the absence of a controlling statute, there is a conflict of authority as to whether a bank may apply deposits in the account of a debtor in payment of his matured debt where the bank holds security for the obligation.

The Supreme Court of New Mexico, in what is apparently a case of first impression in that court, adopted the view that the bank must first exhaust the security before resorting to the right of set-off. There is no statute on the subject in New Mexico.

The depositor purchased a food freezer, made a small cash payment and signed a conditional sales contract under which he agreed to pay the balance in monthly instalments. The contract contained an acceleration clause which permitted the seller to declare the entire balance due on default in payment of an instalment. The contract was assigned to the defendant bank by the seller.

The depositor made several payments and then defaulted. Subsequently, he made a deposit in a checking account which he maintained in the defendant bank.

The bank then notified the depositor that the maturity of the debt had been accelerated by reason of the default and that it was applying the amount in the depositor's account towards payment of the balance due.

In this action against the bank to

recover the amount of the set-off the court ruled that, "assuming the right of set-off to exist in New Mexico, a question we are not called upon to decide," the bank was not entitled, under the circumstances, to exercise such right. When the bank took an assignment of the contract, it was extending credit upon a secured obligation. Credit was not extended by the bank in reliance upon the depositor's current or future deposits because there had been no transactions between the depositor and the bank prior to the assignment.

There was a minority opinion in which the dissenting justice stated that this was "another case where I believe bad facts are making bad law." Apparently, it had been the custom for banks to exercise the right of set-off because the minority opinion stated that a "long established and heretofore banking custom is overturned" by the majority decision. *Melson v. Bank of New Mexico (N. Mex.)* 332 Pac. (2d) 472.

FDIC ASSESSMENT CREDIT IS TAXABLE

Assessment credit received by mutual savings bank from FDIC constitutes taxable income.

In 1951, the plaintiff, a mutual savings bank insured under the Federal Deposit Insurance Act, paid the required assessment to the FDIC. Section 7(d) of the Act provides that the FDIC must credit 60% of its net assessment income pro rata to each insured bank after the close of each year.

In 1952 there accrued to plaintiff bank a credit based on the assessment paid in 1951. In its 1952 tax return, the first year for which it was subject to income tax, the plaintiff did not include the amount of the credit as part of its gross income. The Internal Revenue Commissioner determined that the credit was taxable income, and the bank paid the additional tax and filed a claim for a refund.

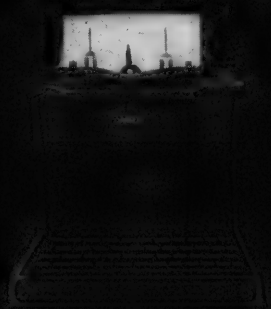
The bank contended that because there was no income tax in 1951, it received "no tax benefit from the assessment which might have been deducted as a business expense had there been any income tax in that year [1951] and that the assessment credit, therefore, constituted a recovery of an expenditure which had not reduced its taxable income and was a nontaxable return of capital rather than taxable income."

The court rejected this contention, ruled that the 1952 credit constituted taxable income, and denied the bank's claim for the refund. The court noted that in 1944, the commissioner adopted Regulation 111, §29.22(b)(12)-1, which excluded from a taxpayer's income "expenditures . . . made the basis of deductions from gross income for prior taxable years." But in 1955, the commissioner issued Rev. Bul. 478, 1955-2 C.B. 18, applying specifically to FDIC credits to mutual savings banks, which stated that such credits constituted taxable income and did not represent recoveries of expenditures made in any year beginning prior to December 31, 1951.

The court also stated that, "entirely apart from the commission-

(CONTINUED ON PAGE 90)

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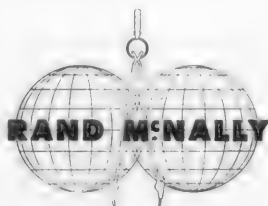


I don't mean a genie from a magic bottle, nor that stuff you pour from not-so-magic bottles. I mean Christmas spirit—which can be mighty helpful. With the aid of my Christmas Clubs, many financial institutions have translated this spirit into solid business for themselves. Here's how!

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(CONTINUED FROM PAGE 88)

er's ruling," it was of the opinion, "as a matter of fact," that the 1952 credit constituted taxable income and it did not represent a recovery of overpayment of assessments nor a specific reduction of any particular assessment. The credit was not the return of overassessments erroneously made; it resulted because the FDIC's assessment income exceeded its expenses and losses, and only in such contingency was it required to credit member banks. *Philadelphia Saving Fund Society v. United States* (Dist. Ct. Pa.) 167 Fed. Supp. 814.

Statute of limitations. Where mortgage was due and payable on January 1, 1930, but no payment of principal or interest was made, and in 1944 mortgagor wrote two letters to mortgagee acknowledging the debt and stating, "As long as I live I will have to pay the debt," letters constituted a promise to pay debt within mortgagor's lifetime during which statute of limitations against debt was tolled; statute began to run on death of mortgagor in 1953. (Reversal of decision reported in August 1958 issue of *BANKING*.) *Lorenzo v. Bussin* (N.Y. App. Div.) 180 N.Y.S. (2d) 625.

Unauthorized withdrawals. Where account was opened by mother in trust for infant son, and father presented passbook together with forged withdrawal orders, bank held liable in paying father without requiring proper identification and without ascertaining whether he was entitled to payment, particularly where bank officer admitted that such withdrawals were a "rare kind of transaction." *Bloom v. Bank for Savings* (N.Y. Mun. Ct.) 180 N.Y.S. (2d) 934.

Collections. Where bank, receiving raised check for collection, stamped it "received for collection" and drawee paid check for raised amount to collecting bank whose depositor immediately withdrew proceeds, drawee's assignee could not recover from collecting bank; latter bank was only agent for purpose of receiving payment for its depositor and its status as agent was disclosed. *Seaboard Surety Co. v. First National City Bank of New York* (N.Y. City Ct.) 180 N.Y.S. (2d) 156.

Federal tax liens. Where taxpayer was beneficiary of a Delaware trust of real property located in Delaware, and trustee was Delaware trust company, filing of notice of Federal tax liens only in Maryland and District of Columbia, where taxpayer resided, was not effective as notice to make liens valid as against assignee of taxpayer's share of income to arise from the trust. Lien must be filed at domicile of trustee where real property is located. *United States v. Delaware Trust Co.* (Dist. Ct., Dela.) 167 Fed. Supp. 465.

Mortgage escrow funds. Where, pursuant to mortgage terms, mortgagor was required to deposit with mortgagee bank funds in escrow account to cover future insurance and tax payments on mortgaged premises "in order more fully to protect the security of the mortgage," the funds, once deposited, were no longer within control of mortgagor and mortgagor's trustee in bankruptcy was not entitled to order directing bank to turn over proceeds of escrow fund to him. *In re Simon* (Dist. Ct., N.Y.) 167 Fed. Supp. 214.

False financial statement. Where borrower's financial statement failed to disclose "at least one if not both of two prior loans" when procuring further loan from creditor bank, statement was materially false, requiring denial of bankruptcy discharge sought by borrower. *First National City Bank of New York v. Latona* (C.A., N.Y.) 260 Fed. (2d) 264.

Chattel mortgages. Where chattel mortgagees had right to repossess and sell mortgaged property if, in good faith, they deemed debt insecure or feared diminution of property, and mortgagor conducted "going-out-of-business" sale during which stock was diminishing to point where mortgagees feared it would soon be gone, and mortgagor refused to apply sale proceeds to mortgage debt, mortgagees were justified in taking possession of mortgaged property although at time of repossession mortgagor was not in default on payments and inventory had not fallen below minimum required by mortgage. *Monson v. Pickett* (Minn.) 93 N.W. (2d) 537.

Plenty of room to EXPAND



As we all know, the territory shown on the map always has been a tremendous source of agricultural products . . . of raw materials for processing and manufacturing.

Today, due to its growth in population and wealth it has assumed new importance as a consumer market.

This emphasizes the need for dependable, near-at-hand rail service . . . not only to transport raw materials but also to act as a carrier for finished products to distribution points within and beyond the western states area.

This is the freight job that Union Pacific is well equipped to handle, in addition to providing modern passenger facilities.

Yes, there's plenty of room for industrial expansion in the "Union Pacific West." For further information contact your nearest U.P. representative or get in direct touch with—

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BANKING NEWS

14 Well Known Members of Financial Community Added to G.S.B. Faculty

1959 Summer Session Will Be Held at Rutgers on June 8-20

Fourteen well known members of the financial community have been added to the faculty of The Graduate School of Banking, it is announced by Dr. E. Sherman Adams, the School's director.

The G.S.B. is a school of advanced banking study for bankers of officer rank, sponsored by the American Bankers Association at Rutgers—The State University, New Brunswick, N. J. This year's summer session will be held on the Rutgers campus June 8 through 20.

New Commercial Banking Faculty

Eight of the new faculty members have been added to the School's classes in commercial banking. They are: McCoy C. Campbell, second vice-president, First National Bank, Atlanta; Edmund Leone, vice-president and comptroller, Manufacturers Trust Company, New York; Stanley Shirk, partner, Peat, Marwick, Mitchell & Co., New York; John H. Stockdale, assistant vice-president, Chase Manhattan Bank, New York; William Drenner, president, City National Bank, Fort Smith, Ark.; Daniel Morris, president, Schuylkill Trust Company, Pottsville, Pa.; Carl E. Bahmeier, Jr., executive secretary-treasurer, South Dakota Bankers Association, Huron; and Belden L. Daniels, executive manager-secretary, Pennsylvania Bankers Association, Harrisburg.

Three additions have been made to the savings management faculty: Leonard P. Chamberlain, vice-president, Provident Institution for Savings, Boston; Gordon F. Christie, vice-president, People's Savings Bank, Bridgeport, Conn.; The Honorable Henry H. Pierce, Jr., Bank Commissioner of Connecticut, Hartford.

Walter Kennedy, president of First National Bank, Montgomery, Ala., has been added to the School's trusts major. He is immediate past presi-

G. Russell Clark Relinquishes Executive Managership of A.B.A. to Become New York Superintendent of Banks

G. Russell Clark has resigned the executive managership of the American Bankers Association, effective February 28, to accept from Governor Nelson Rockefeller the appointment of New York State Superintendent of Banks. As executive manager he was the chief administrative officer of the Association.

Mr. Clark came to the American Bankers Association on February 1, 1958 from the position of executive vice-president of the New York Clearing House Association. He began his association with the Clearing House in 1919 as an office boy; and, after successive promotions over the years, he became assistant manager in 1937 and executive vice-president in 1948.

Mr. Clark has long taken an active role in banking education. He earned the American Institute of Banking's Standard Certificate in 1936; has held every office in the New York Chapter, which included service on its board of governors for 14 years. In 1947, Mr. Clark was graduated from The Graduate School of Banking conducted by the A.B.A. at Rutgers, the State University, New Brunswick, N. J. He has been a special lecturer and member of the faculty of the G.S.B.

dent of the A.B.A.'s Trust Division.

The banking and government course is being joined by Dr. Gabriel Hauge, chairman of the finance committee, Manufacturers Trust Company, New York, and by Erwin O. Kraft, vice-president, First National Bank & Trust Company of Paterson, Clifton, N. J.

Returning to the faculty this year after an absence of a year or more will be: Dr. Miles L. Colean, economist, Washington, D. C., savings management; Dr. Karl R. Bopp, vice-president, Federal Reserve Bank, Philadelphia, economics of banking and business; and Dr. Paul W. McCracken, School of Business Administration, University of Michigan, Ann Arbor, economics of banking and business.



G. Russell Clark

In addition to his work in the banking business, Mr. Clark has taken a prominent part in civic and business affairs. Until recently, he served for several years as a director of The Guardian Life Insurance Company of America, New York; as a director of The First National Bank and Trust Co., Kearny, N. J.; and as president of the Green Pond Corp., Green Pond, N. J.

Mr. Clark was born in Kearny, N. J., in 1904, and has made his home in Essex Falls for a number of years. Recently, he moved to 66 Park Avenue, New York City.

Research Council's Bank Loans Trend Study Ready

The Research Council of the American Bankers Association has recently completed and has available the current semiannual supplement of its publication, "The Trend of Bank Loans," covering the last half of 1958. The publication, which is available on a subscription basis at \$2 per year, presents, in convenient form for analytical purposes, the loan data released by the Federal Reserve System on weekly reporting member banks and provides forms for keeping the series up to date.

Supplement may be obtained from Research Council, A.B.A., 12 East 36th Street, New York 16, N. Y.

Data to Aid Lawyers in Writing Wills and Trust Agreements Are Available

In response to numerous requests from banks and members of bank legal staffs, the Trust Division of the American Bankers Association has published a pamphlet, entitled *In Aid of Lawyers Drafting Wills and Trust Agreements*, which is available on request to A.B.A. member banks. The pamphlet contains reprints from the *Trust Bulletin* of articles by William J. Grauly, assistant secretary, The Connecticut Bank and Trust Company, Hartford, and Gilbert T. Stephenson, Pendleton, N. C., former president of the A.B.A. Trust Division, and retired director of trust research of The Graduate School of Banking.

Mr. Grauly's article is on "Reviewing Wills and Trusts from Point of View of Practical Administration—Some Common Problems." Mr. Stephenson's article is entitled "In Further Aid of Lawyers Drafting Wills and Trust Agreements." The two articles offer many suggestions valuable to trustmen and lawyers in estate planning activities.

Requests for the booklet should be addressed to the Trust Division, A.B.A., 12 East 36th Street, New York 16. One copy will be supplied free; additional copies are available at a nominal charge of 35 cents each to cover printing costs.

Welfare and Pension Plans Disclosure Act Applies to Banks, Says A.B.A. Bulletin

Every bank having welfare or pension plans covering more than 25 employees and all banks whose trust departments are administering such plans are subject to the provisions of the Welfare and Pension Plans Disclosure Act, which became effective on January 1, 1959, according to a bulletin which has just been issued jointly to all member banks of the American Bankers Association by the Committee on Employees Trusts of its Trust Division and by its Washington office. Welfare and pension plans subject to the act include, among others, health, accident, life

Glossary of Fiduciary Terms Being Compiled by A.B.A. Trust Division

The Trust Division of the American Bankers Association, in cooperation with the A.B.A. Advertising Department, will soon complete a new "Glossary of Fiduciary Terms" for distribution by trust departments of banks to customers and potential clients to provide them with information as to the meaning of terms used in trust business.

The compilation is the work of a committee consisting of L. S. Severance, trust officer, The United States National Bank of Portland, Oreg., chairman; Gilbert T. Stephenson, former director, A.B.A. Trust Research Department, Pendleton, N. C.; and Joseph W. White, vice-president, Mercantile Trust Company, St. Louis.

Copies of the booklet may be purchased from the Advertising Department, A.B.A., 12 East 36th Street, New York 16, N. Y.

insurance, profit sharing, and unemployment plans.

The new bulletin provides more complete information than was contained in the communication to A.B.A. member banks from the Committee and the Washington staff issued October 14, 1958.

"Handling Businesses in Trust" Handbook Completed by Association Division

Handling Businesses in Trust, a handbook which has been in preparation for four years, was published recently by the Trust Division of the A.B.A.

A preface to the handbook notes that by 1954 the problems of the management of growing businesses held in trust "had come to be so important that a full session of the 35th Mid-Winter Trust Conference was devoted to the subject. In the fall of that year, the president of the Trust Division appointed a Committee on Handling Businesses in Trust. This Committee undertook as its first major project, the preparation of a handbook on handling businesses in trust; and this publication is the culmination of four years' work on the part of the Committee."

Arthur B. Pfeiderer, vice-president of the Detroit Bank and Trust Company, was chairman of the Committee on Handling Businesses in Trust when work was started on the handbook. The work was completed under Chairman Clarence D. Cowdery, who is vice-president, The Boatmen's National Bank, St. Louis.

Copies of the handbook are available at a cost of \$5 each from the Trust Division A.B.A.

Fifteen past presidents of the Trust Division of the A.B.A. are pictured at the Association's 40th Mid-Winter Trust Conference in New York last month. *Left to right*, Walter Kennedy, Montgomery, Ala., 1957; Harry M. Bardt, San Francisco, 1948; James W. Allison, Wilmington, Del., 1945; Leon M. Little, Boston, 1934; Thoburn Mills, Cleveland, 1956; Richard P. Chapman, Boston, 1955; Louis S. Headley, St. Paul, 1942; Joseph W. White, St. Louis, 1951; Thomas C. Hennings, Sr., St. Louis, 1931; N. Baxter Maddox, Atlanta, 1953; Henry A. Theis, Englewood, N. J., 1943; Robert A. Wilson, Philadelphia, 1952; John W. Remington, Rochester, N. Y., 1949; Samuel C. Waugh, Washington, D. C., 1938; Gilbert T. Stephenson, Pendleton, N. C., 1930



WEIMAN & LESTER

A.B.A.'s Savings Bonds Identification Procedure Booklet Sent to Members

A booklet called *Identification Procedures for Savings Bond Payments* has been issued by the American Bankers Association's Committee on Federal Fiscal Procedures, according to C. Edgar Johnson, vice-president of the First National Bank of Chicago, and chairman of the Committee during the 1957-58 Association year.

Single copies of the booklet have been sent to all A.B.A. member banks. Additional copies may be obtained, at \$1 each, from the Department of Printing, American Bankers Association, 12 East 36th Street, New York 16.

The 19-page booklet gives a thorough "course of instruction" in identification procedures.

Women Bankers to Hold Six Regional Conferences During April and May

Six regional conferences are scheduled for the spring by the 12 divisions of the National Association of Bank Women to discuss timely aspects of bank services and operations, according to Charlotte A. Engel, president. Miss Engel, who is trust officer of The National Savings and Trust Company, Washington, D. C., anticipates that a sizable group of the 10,500 women bank officers in the United States will participate in these conferences.

The conference schedule is as follows:

Southwestern Division: April 10-12—Arlington Hotel, Hot Springs, Ark. Chairman, Sue Park, vice-president and cashier, Bank of Cabot, Ark.

Southern and Southeastern divisions: April 17-19—Fort Sumter Hotel, Charleston, S. C. Chairman, Mary M. Hart, assistant cashier, Peoples National Bank, Conway, S. C.

Middle Atlantic, New England, and North Atlantic divisions: May 1-3—Pocono Manor Inn, Pocono, Pa. Chairman, A. Joyce Rutt, secretary, Stroudsburg (Pa.) Security Trust Co.

Lake, Mid-West, and North Central

Work in

Here are some of the projects now under way in the various departments of the American Bankers Association:

| Department | Type of Study | Approx. Completion Time |
|------------------------------------|---|-------------------------|
| Advertising Department | Free Ad Mat featuring Law Day, U. S. A. for use May 1 | Now ready |
| | Radio announcements (2nd set) | March 1959 |
| | New type statement enclosure | March 1959 |
| | Spring issue <i>School Saver</i> | April 15, 1959 |
| | Special series of newspaper ads | April 1959 |
| Agricultural Commission | Agricultural Credit Conditions—a survey | May 1959 |
| | 1959 <i>Agricultural Credit and Related Data</i> | June 1959 |
| | Agriculturally Trained Men in Banking—a study | Summer 1959 |
| | 1959 Farm Credit Reports (by states) | August 1959 |
| | Irrigation Financing—a study | Indefinite |
| A. I. B. Textbooks: | <i>Effective English</i> , by Dr. George Crouch, University of Pittsburgh | Fall 1959 |
| | <i>Bank Administration</i> | 1960 |
| | <i>Financing Business Enterprises</i> , by Dr. Weldon Welting, Simmons College | 1960 |
| | <i>Negotiable Instruments</i> , by Dr. William E. Britton, Hastings College of Law | 1961 |
| | <i>Supervisory Management</i> | 1961 |
| | <i>Economics</i> , by Professor A. Anton Friedrich, New York University | 1962 |
| Bank Management Commission | <i>The Common Machine Language for Mechanized Check Handling—Final Specifications and Guides to Implement the Program</i> | March 1959 |
| Council on Banking Education | Comprehensive Banker Education Programs study | Spring 1960 |
| Country Bank Operations Commission | Miscellaneous Service Charge survey | Indefinite |
| | Revision of manual, <i>Simplified Cost Analysis for Smaller Banks</i> | Indefinite |
| Credit Policy Commission | Privately Financed Development Credit Corporations progress survey | A continuing study |
| Economic Policy Commission | Series of Banking Studies: <i>Banking in Transition</i> <i>Problems of Bank Asset Management</i> <i>Bank Earnings and Capital Problems</i> | Indefinite |

divisions: May 8-9 — Netherland Hilton Hotel, Cincinnati. Chairman, Virginia Engelken, assistant secretary, The Central Trust Co., Cincinnati.

Rocky Mountain and Western divisions: May 9-10—El Cortez, San Diego, Calif. Chairman, Barbara J. Maxwell, assistant cashier, The First National Trust & Savings Bank, San Diego.

Northwestern Division: May 16-17—Olympic Hotel, Seattle, Wash. Chairman, Margaret C. Johnson, assistant secretary, Washington Mutual Savings Bank, Seattle.

The annual convention of the association will be held in Milwaukee, Wis., on September 23-25.

On television they don't always seem to know the difference between a beautiful singer and one who can sing beautifully.

CBA Lists 35 California Bankers as Active in A.B.A. Committee Work

A bulletin listing 35 Californians officially connected with the American Bankers Association has been sent to its members by the California Bankers Association. Several of the bankers listed serve in more than one capacity. Among the bankers listed are the following:

George J. Greenwood, vice-president, Bank of California N. A., San Francisco, serving as state vice-president, Organization Committee; Louis B. Lundborg, vice-president, Bank of America, San Francisco, serving as ex officio member, Savings

(CONTINUED ON PAGE 95)

Progress

(Readers are requested not to write in for these items until their completion is officially announced.)

| Department | Type of Study | Approx. Completion Time |
|--|--|-------------------------|
| Economic Policy Commission | Study of Interim Financing of Mortgage Credit (jointly with Savings and Mortgage Division) | Early 1959 |
| Employee Training Committee | How to Train a Bank Bookkeeper | May 1959 |
| Instalment Credit Commission | Diversification, Earnings, Expenses, and Various Ratios Relating to Instalment Credit—a year-end study | March 1959 |
| | Automobile Financing Through Dealers—a revision | June 1959 |
| | Training Guide for Instalment Loan Collections and Accounting | Early 1959 |
| Public Relations Council | Bank Shareholder Relations—addition to the PR manual series | Spring 1959 |
| | Several additions to Speech Service for bankers addressing public audiences | Summer 1959 |
| | Public Relations Self-Audit Check List—a revision | Summer 1959 |
| | The Problem Solver—addition to PR manual series | Fall 1959 |
| | A. B. A. Film Guide—a revision | Fall 1959 |
| | Revision of PR manual Your Bank's Relations with Schools | Fall 1959 |
| | New Personal Money Management film | Spring 1960 |
| | The Banker Writes—addition to PR manuals | Indefinite |
| Public Relations Council in cooperation with Department of Monetary Policy | Educational filmstrips on important role of commercial banks in American economy | Indefinite |
| Savings and Mortgage Division | A Savings Cost Analysis Program—a revision | Early 1959 |
| | Incentive Savings Plans—a revision | Early 1959 |
| Small Business Credit Commission | Small Business Investment Companies — Their Development and Growth | A continuing study |
| State Bank Division | Condition and Operations of State Banks in 1958—a study | April 1959 |
| Trust Division | Glossary of Fiduciary Terms | Spring 1959 |
| | Handbook on Fiduciary Legislation | Summer 1959 |
| | Personal Trust Asset Survey | Spring 1959 |

Californians

(CONTINUED FROM PAGE 94)

and Mortgage Division's Executive Committee; member, Administrative Committee; member-at-large, Executive Council; and president, Savings and Mortgage Division; and Jesse W. Tapp, chairman of the board, Bank of America, Los Angeles, who serves as chairman of the Economic Policy Commission and member-at-large, Executive Council.

Also, W. J. Braunschweiger, executive vice-president, Bank of America, Los Angeles, serving as Southern California chairman, Savings Bonds Committee; B. B. Brown, vice-president and senior trust officer, American Trust Company, San Francisco, serving as chairman, Trust Division's Committee on Trust Policies; Lauder Hodges, vice-presi-

dent, Citizens National Trust & Savings Bank of Los Angeles, serving as a member, Public Relations Council, and as chairman, Council's Committee on Public Education; Paul B. Kelly, first vice-president, Crocker-Anglo National Bank, San Francisco, serving as Northern California chairman, Savings Bonds Committee; Hal Mendon, senior vice-president, California Bank, Los Angeles, serving as state chairman, Federal Legislative Council; and Francis E. Whitmer, vice-president and trust officer, American Trust Company, San Francisco, serving as state chairman, Trust Division's Committee on Fiduciary Legislation and Trust Legislative Council.

An optimist is a person who thinks that when his shoes wear out he will be back on his feet.

Exhibitors at Savings and Mortgage and Instalment Credit Conferences in March

Organizations that will have educational displays at the A.B.A.'s Annual Savings and Mortgage Conference at the Roosevelt Hotel in New York, March 2-4 and at the National Instalment Credit Conference at the Conrad Hilton Hotel in Chicago, March 9-11, have been announced by Robert J. Stiehl, director of educational displays and assistant advertising manager of BANKING.

S&M Conference

Exhibitors at the Savings and Mortgage Conference will be:

Animated Advertising Service
Armstrong Cork Corporation
Asbestos Cement Products Ass'n
Banthrico International, Inc.
Burroughs Corporation
Christmas Club a Corporation
J. Edward Connelly Advertising
Correct Table Service Institute
Documat, Inc.
Financial Publishing Company
Institute for Business Planning, Inc.
The International Silver Company
Living Color Transparencies, Inc.
The National Cash Register Company
Owens-Corning Fiberglas Corporation
Thermo-Fax Sales, Inc.

Instalment Credit Conference

Exhibitors at the National Instalment Credit Conference will be:

Addressograph-Multigraph Corporation
Allied Finance Adjusters Conference, Inc.
Allison Coupon Company, Inc.
American Charts Company
Automobile Invoice Service Company
Bankers Security Life Insurance Society
Colorado Insurance Group
Credit Life Insurance Company
Cummins-Chicago Corporation
Dashew Business Machines, Inc.
Evinrude Motors
Federal Life & Casualty Company
Financial Publishing Company
Foremost Insurance Company
Holland Furnace Company
Johnson Fare Box Company
Mobile Home Agency, Inc.
Mobile Homes Manufacturers Assn.
National Automobile Dealers Used Car Guide Company
National Cash Register Company
National Finance Adjusters
Remington Rand Division of Sperry Rand Corporation
Southern Coupon Company

George H. Gustafson Is Advanced to Secretary of Organization Committee

George H. Gustafson, who for the past nine years has been assistant secretary of the Organization Committee of the American Bankers Association, has been advanced to secretary of the Committee. Mr. Gustafson has also held the post of assistant secretary of the Savings and Mortgage Division for the past six years.

Before joining the staff of the American Bankers Association, Mr. Gustafson was associated with the Erie and St. Lawrence Corporation, New York City, from 1941 to 1948, except for serving in the U. S. Army. He joined the A.B.A. staff in March 1948, was appointed assistant secretary of the Organization Committee in 1950, and assistant secretary of the Savings and Mortgage Division in 1953.

He was graduated from DeWitt Clinton High School, Bronx, N. Y., and from Packard Junior College, New York City. He holds the standard certificate of the American Institute of Banking and is presently taking graduate study courses in A.I.B.

He is married, is the father of three sons, and he makes his home in Staten Island, N. Y.

Left to right—

Dr. K. F. Flexner

G. H. Gustafson

Kent Blatchford



Dr. Kurt F. Flexner Is Named Director of Mortgage Finance of Association

Dr. Kurt F. Flexner, who joined the staff of the American Bankers Association early this year as secretary of the Economic Policy Commission, has been appointed director of Mortgage Finance in the Association's Savings and Mortgage Division.

In his new position, Dr. Flexner will assume the duties of the late J. R. Dunkerley in the field of mortgage research and operations. Mr. Dunkerley, a senior deputy manager of the A.B.A., died on November 20.

Dr. Flexner came to the A.B.A. from the faculty of New York University, where he was associate professor of economics in the Graduate School of Arts and Sciences and associate professor of banking and finance in the School of Commerce, Accounts, and Finance. He is a graduate of Johns Hopkins University and took his Ph.D. degree in economics at Columbia University.

Kent Blatchford Is Named BANKING's Western Advertising Representative

Kent Blatchford of Winnetka, Ill., has been named western advertising representative of BANKING Magazine, effective March 1. He will be stationed at the magazine's Chicago office.

Mr. Blatchford, who has had several years of experience in the magazine and advertising field, comes to the A.B.A. from Conover-Mast Publications, Inc. He joined Conover-Mast in 1949 and for the past five years has been midwestern manager of its new publication *Volume Feeding Management*.

After graduating from Dartmouth College with a B. A. degree, Mr. Blatchford served from 1940 to 1945 as a U. S. Navy pilot in Guadalcanal and aboard the U.S.S. *Ticonderoga* and *Hancock*.

He is married and has three sons and a daughter.

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"Borrow-By-Check" Panel Set for Credit Meeting

THE A.B.A. Instalment Credit Commission has announced the scheduling of an informal panel that promises to be one of the highlights of the annual Instalment Credit Conference (9th, 10th, and 11th of this month at The Conrad Hilton in Chicago). A moderator and panel of three will lead on the evening of March 10 a discussion of the relatively new and, therefore, relatively controversial type of credit offered in "Borrow-by-Check" plans.

Harold B. Hassinger, vice-presi-

dent, First National Bank of Boston, will serve as moderator and introduce the discussion of this consumer-type revolving credit with remarks on its development and bank experience up to now. Panel participants, who, like Mr. Hassinger, represent banks that have offered plans of this type for at least several years, will be Cyril J. Jedlecka, senior vice-president, City National Bank and Trust, Kansas City, Mo.; G. S. Sutton, senior vice-president, First National Bank in Dallas; and William M. Harrison, senior vice-president, First National Bank and Trust Company, Oklahoma City.

This challenging new area of per-

sonal credit service may become one of the most important in the field, says the Commission. Widespread interest and enthusiasm for personal line-of-credit plans following their establishment by major banks in both New York and Philadelphia may well signal a dramatic turning point in instalment credit that could realign its entire position in our economy, the Commission feels.

Stability Rests on Buyer

CONSUMER attitudes, according to Louis J. Asterita, hold the key to our economic stability.

Mr. Asterita, deputy manager of

Instalment Credit

the A.B.A.'s Instalment Credit Commission, told the Oklahoma Bankers Association Credit Workshop in Wagoner, Okla., that: (1) The consumer's underlying feeling of confidence and security has not been greatly impaired by last year's recession; (2) The consumer will be back in the durable goods market with enthusiasm; he has tremendous reserves and buying power; but first, he must be certain he is not being fooled, and secondly that he is getting a fair deal for his dollar.

Enter New Fields

With bank outstandings sliding off (some to the tune of 20% to 25%, according to Mr. Asterita), new fields of instalment credit are receiving attention. "There is no harm in expanding your activities into new areas," says this credit expert, "but before you do, make certain you understand all the angles and try to avoid the problems and hazards."

"One of the most productive and constructive classes of instalment credit," he advises, "is that involving property improvements. While technically this type of loan resembles direct personal loans, inasmuch as it is generally unsecured, it does carry with it the qualitative factors of home ownership."

Mobile Home Statistics

Some statistics reflecting the growth of mobile home financing were quoted to the workshop. As of June 30, 1958, the average contract in this category amounted to \$2,750; total dollar amount of mobile homes financed was \$493,125,620; number of contracts was 179,337; 241 commercial banks held \$218,316,034 of this paper; and 35 finance companies held \$274,809,586 of it.

Commission Opposes Credit Controls

In reaffirming his belief that consumer attitude must be wooed if we want to create economic stability, Mr. Asterita added:

"The Instalment Credit Commission of the American Bankers Association is opposed to any selective control of instalment credit during a peacetime economy. It believes further that the consumer is a better judge of how far or how high this debt should be. When it becomes

necessary to tighten the credit belt, the consumer is the first one to do so. He is a good diagnostician of his own financial ills, and responds quickly to his own uncertainties and the uncertainties created by conditions beyond his control."

Most Loans Up, Says A.B.A. Board

MOST loan categories are improving, according to the Advisory Board of the Instalment Credit Commission of the A.B.A. The volume of auto loans being made by banks is expanding markedly, reflecting the availability of 1959 models, according to the board.

In the board's study covering bank instalment lending operations for the past three months, an increase in the volume of personal loans was also shown, along with a general improvement in loan volume for appliance, home modernization, and other categories.

New car loans, both direct and indirect, are up in all areas. Used car expansion has not quite kept pace; and, in some locales some banks report dealer paper as slightly down. New car terms are still at 36 months, used cars at 24, and interest rates are steady.

Direct loan reposessions are edging downward, with dealer paper reposessions trailing right behind. Average losses on reposessions are \$245 on direct, \$295 on indirect loans.

Fraud reports on floor plan financ-

ing and retail paper are "negligible."

Personal loans are on the rise, as is bank financing of home improvements. Current maximum terms of 36 months are reported by most banks on home improvement loans under their own plans, as compared with the 60 months permitted under FHA Title I.

Loans for farm equipment, mobile homes and boats have also increased in volume.

Also included in the study was a report on the experience of banks offering "borrow-by-check" or revolving credit plans. "Satisfactory," was the general conclusion. Looks like this new type of personal credit is here to stay, says the board.

Business, Auto Loans Lead at British Bank

A LARGE proportion of its newly-offered personal (instalment) loans were taken for auto financing and business purposes, says Midland Bank, Ltd., in a statement accompanying its annual report. Midland, first of England's banks to establish an instalment loan plan after the dropping of government credit restrictions last August, reports a September through December volume of 45,000 consumer loans ave-

Alabama Bankers Hold Credit Conference

W. Connie Owens, Jr., left, senior vice-president, Security National Bank of Greensboro, N. C., and Frank A. Plummer, standing, president, Birmingham Trust National Bank, were speakers at the Alabama Bankers Association 3rd Annual Instalment Credit Seminar, held February 3rd and 4th at Point Clear, Ala. Seated between them is F. A. Bloodworth, executive vice-president,



executive vice-president, American National Bank of Gadsden, who is Alabama Bankers Association president

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raging about \$160 each (currently about \$450).

Demand seemed to be fairly even from all parts of the country, and loans for the purchase of motor vehicles made up over one-third of the total outstandings for the 4-month period.

Major Loan Categories

Two-thirds of all loans, including personal loans, were taken for some business purpose, which is interpreted by the bank to indicate that the government's credit restrictions had been "putting the squeeze" on the "little man." Loan categories other than auto purchase included, predictably, purchase of furniture or equipment, home or business premises improvement, and decorating.

Commission Concurs on Captive Co.'s, Title I

SEVENTEEN members of the Instalment Credit Commission of the American Bankers Association reached a consensus on policy in some areas of immediate and long-range concern to bankers when they "kicked around" facts and analyses at a 3-day session in Phoenix.

"Captive" finance companies got their fair share of time and attention. No definite course of action involving such companies was proposed at this time, in view of current Congressional investigation in this area. General opinion seemed to be that banks should continue to provide indirect instalment credit to representative dealers in their areas. While some "soft" areas may exist, the group felt that, in the main, commercial banks are providing adequate credit service for the individual purchaser and the local dealer.

The Commission again went on

record opposing any type of selective or stand-by credit controls such as proposed in Senate bill S.63 recently introduced by Senator Bush of Connecticut.

Further, the group expressed their opinions with respect to proposed legislation which would make FHA Title I, which has been operating on a renewal basis since 1934, a permanent regulation. Since more and more banks are coming up with their own plans, the Commission strongly favors continuing this as a temporary regulation subject to periodic review.

Dental Loan Booklet

FREE to banks and dental associations: *Symposium on Dental Loan Plans*, a booklet growing out of a panel held at the 99th annual session of the American Dental Association. Write: Dental Loan Dept., Preston State Bank, Dallas, Tex.

Savings

Report on Regional Savings and Mortgage Conference

IT will cost more to build a house a year from now than it does today, according to an opinion survey carried on by BANKING at the Regional Savings and Mortgage Conference of the American Bankers Association in Cincinnati. Reasons: spiraling inflation resulting largely from increased costs of labor, materials, and real estate. Two hundred bankers from 16 states attended the conference and of those interviewed only two dissented from this view.

Newspaper advertising led in the number of answers to the question, "What is your bank doing to attract savings deposits?" Trailing newspaper advertising in about an equal number of comments were radio, TV, billboard, and direct mail advertising, incentive personal solicitation, maximum interest rate, new bank facilities, and school savings. Still further behind in number of mentions were "Welcome Wagon" and other "give-away" types of promotion.

The majority of those interviewed felt that the over-all advertising and promotion programs of their banks would be stepped up with a view to

Offer Full Banking Facilities

THE Cincinnati conference brought to light a number of facts which we believe will be of great interest to the entire banking industry. A number of nonbanking financial institutions have made tremendous gains since the second world war. This was at least partly due to the reluctance some commercial banks have shown for expanding their activities in the savings and mortgage sector of banking. The savings and loan associations and other competitors apparently were able to get much favorable legislation by pointing to their enthusiastic response to the demands of the American people in the field of savings and home mortgages.

The American economy has undergone many changes including the far more important place that savings and mortgage banking is occupying in the average community. Many of the concepts and practices that have served to guide bankers for many decades are challenged by the new role that the savings account and the privately owned home are playing in our lives. The credit position of the individual has been enhanced by the greater economic stability which exists in our nation today, and by a rising level of income. These factors alone should make the average person more attractive to banks, but there are other reasons. The people are putting pressure on the politicians for better housing. Some of our competitors have taken advantage of this situation at the expense of proper banking development.

Housing, in the interest of economic stability, should be financed out of savings, not by "printing machines." It is obvious, therefore, that banks cannot ignore the growing need for full banking facilities, which include savings accounts and home mortgages.

Nobody knows the right answer to everything, but we feel sure that the time has come for earnest soul searching and for a reevaluation of the principles and practices that make up sound banking.—*The foregoing comments were contributed by DR. KURT F. FLEXNER, formerly a faculty member of New York University and recently named director of Mortgage Finance of the American Bankers Association.*

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Louis B. Lundborg, vice-president, Bank of America, San Francisco, and president, Savings and Mortgage Division, A.B.A., speaking, at the Regional Savings and Mortgage Conference in Cincinnati. Seated, left to right, G. Russell Clark, executive manager, A.B.A.; F. George Heidacher, vice-president and cashier, Central Trust Company, Cincinnati, who, as president of the Cincinnati Clearing House Association, extended the association's greetings; and William A. Reckman, vice-president, Fifth Third Union Trust Company, Cincinnati, general chairman of the conference

attracting more savings and mortgage business. More of them mentioned incentive sales programs for employees than any other one area of emphasis.

Comments made by Ben C. Corlett, senior vice-president, A.B.A., Washington, D. C. on Federal legislation may be found in WASHINGTON, page 34.

Additional remarks of speakers having a bearing on savings competition, merchandising savings and mortgage services, interest rates, and what a builder expects from his bank are covered in this department and the Housing and Mortgages section starting on page 101.

Meeting Competition— from Credit Unions, Others

Speakers included LOUIS B. LUNDBORG, president of the Savings and Mortgage Division of the A.B.A., and vice-president, Bank of America N.T. & S.A., San Francisco; GAYLORD A. FREEMAN, JR., vice-president, The First National Bank of Chicago; and DR. RUDOLPH MODLEY, management consultant and editor of "Report on Credit Unions," Kent, Conn.

Mr. Lundborg:

WE are only fooling ourselves if we sit back and claim that our local competitor's success is due entirely to certain unfair advantages that he has, that he is using misleading advertising, or that the public doesn't really understand the true story. If we would be honest with

ourselves, we would realize that apart from any unfair advantages, our competitor is probably outcompeting us right in our own communities.

We would never have had this unfair competition in the first place if it had not been for the indifference of a large segment of our industry, who let the game go by default. . . .

We still have a chance to hold the field against another form of savings competition that is growing even faster, percentagewise, than the savings and loans—the credit unions. Credit unions today are in about the same position competitively as savings and loans were 20 years ago. In the past 10 years, they have become the fastest growing of all kinds of institutions that accept savings. The growth of these last few years lifts them completely out of the chicken-feed or small-potatoes class, and compels us to take serious note of them.

Dr. Modley:

IN the competition with credit unions for savings, banks would do well to make in-plant arrangements with business firms in their areas to carry banking services to the source of funds—the payrolls of the firms.

If only a single percent of this sum can be channeled into in-plant savings accounts, it means \$2.4-billion per year. There are probably as many as 130,000 places of business suitable to in-plant service, 110,000 in industrial and commercial establishments. Only 10% to 12% of these have credit unions.

Credit unions are far in the lead in tapping savings funds at the source, he said, adding that more than 80% of all credit unions—roughly a total of 15,000—are in-plant offices. These have 90% of all credit union members and hold more than 90% of the assets of all credit unions.

With assets of \$4.3-billion and shareholdings of \$3.7-billion, credit unions are today a rather small factor in the savings picture. . . . In the consumer instalment credit field, however, they play an increasingly important role. They now hold 8% of total consumer instalment credit, 17% of all personal loans, and 6% of all automobile loans.

This, I think, is ample evidence that credit unions have been successful and have proved that in-plant service can produce substantial savings and credit business. It is my opinion that credit unions have hardly tapped the in-plant potential for savings in which banks are mostly interested.

Mr. Freeman:

IF our management is not inspired by the profit motive, then in competing with the mutual institutions, our form of corporate organization:

Does not help us—it provides no profit inspiration.

Does hurt us—taxes paid and divi-

Mary Leach, associate editor of BANKING, is shown interviewing some West Virginia bankers. Left to right Francis J. Price, president, The Security Bank of Huntington; John E. McDavid, president, The National Bank of Commerce, Charleston; V. V. Faigley, assistant secretary, The Kanawha Valley Bank, Charleston; and W. A. Boone, president, First National Bank, Ronceverte, and A.B.A. vice-president for West Virginia



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dends paid reduce the net available for the saver.

But perhaps we should reappraise our management, its incentive, its courage, its soundness, and its aggressiveness. Perhaps we should consider whether we attract as able young men as we should, whether we advance them rapidly enough to keep them stimulated, whether we reward merit or merely seniority.

Maybe we should also consider whether, when we run our banks in such a way that we can "sleep at night," we are not also dozing during the day. These questions, although they may be impertinent, are vitally important.

Determining Interest Rates

HAROLD E. RANDALL, *vice-president and comptroller of The First National Bank of Boston, Mass., gave a comprehensive analysis of how to approach and proceed in determining the interest rates on savings deposits.*

Mr. Randall:

IT has been my purpose to try to convince you that there are many factors which a bank must consider in determining its savings-interest-rate policy. The decision should not be based solely on what the competition is doing!



Some Hoosier bankers hold an informal conference between sessions. *Left to right, C. N. Phillips, vice-president, First-Citizens Bank & Trust Co., Greencastle; Emery M. Burnell, vice-president, Lafayette Savings Bank; Lloyd L. Neuman, vice-president, Lafayette National Bank; and John W. Noller, assistant cashier, American Fletcher National Bank, Indianapolis*

Here are the principal questions a banker should ask himself before he makes a change in his savings-interest rate:

(1) What is my net rate of return from loaning and investing savings funds? Is there anything I can do to increase that rate and yet operate a sound institution?

(2) What is the cost of operating my savings department? Can that cost be reduced by operating more efficiently?

(3) What is my net return on savings deposits, after paying interest at the present rate and after all operating costs, taking into consideration any known improvements in operating methods?

(4) Is the net return on savings department operations adequate to support the present rate or to permit an increase, after allowing for a fair profit for the stockholders?

(5) What is my bank's position in respect to rates being paid by competitive savings institutions? What is the expected effect on my ability to compete, of any differential in the rate I now pay or expect to pay and that of the competitive savings institutions?



Some Ohio bankers talk things over with the A.B.A.'s Ohio vice-president **Ernest Hackney**, *second from left*, who is vice-president Fifth Third Union Trust Company, Cincinnati; others, *left to right*, **Charles McBride**, assistant cashier, Central Trust Company, Cincinnati; **George F. Hancock**, vice-president, The Citizens Bank, Hamilton; and **J. Edwin Bolmer**, assistant cashier, Fifth Third Union Trust Company

(6) Is there anything I can do that I am not doing to obtain or retain savings deposits, aside from a change in the interest-paid rate?

If you have answers to these questions, you are in a position to decide the course of action that is in the best interests of your depositors, your bank, and its stockholders.

Savings and Mortgages Sell All Services

The need for and the methods followed in some banks in selling savings and mortgage services were discussed by several speakers at the Regional Savings and Mortgage Conference of the American Bankers Association in Cincinnati. In fact, LOUIS B. LUNDBORG, president of the Savings and Mortgage Division, A.B.A., and vice-president, Bank of America, N.T. & S.A., San Francisco, devoted his entire address to this subject. Points made by MR. LUNDBORG include the following:

TAKING customer relations first, I would like to repeat my favorite theme song. There are some banks that haven't learned yet what savings banking and the attendant loan services can do for the whole character of a bank. The real heart of the story is that savings banking touches closest to the human elements of banking. It hits people where they live, both literally and figuratively. On both the deposit and the loan side of the operation, it ties people closer to the bank and over a longer time than any other thing a bank does. . . .

It is the combination of the two functions—savings deposits and mortgage lending—that really closes the circle of attachment. . . .

We have been talking about the customer-relations and business-building value of savings; now let us look at the question of profitability. . . . The New York State Bankers Association and the Country Bank Operations Commission of the A.B.A. studied 173 commercial banks, practically all having total resources of less than \$10,000,000. To the apparent surprise of some bankers, the participants reported that the net profit from savings deposits averaged 1%. When we consider that the net profit of a commercial bank typically averages less than 1% on deposits, we can see that there is little basis for the contention that the savings deposit business generally is unprofitable.

Considering the results of these studies and adding them to my own knowledge of the profitability of the savings deposit business in our western states, I disagree flatly with the view that savings deposits are not profitable to commercial banks. . . .

There is need for an active selling, advertising, merchandising job. We not only have to sell thrift—the act of saving—we have to sell saving at a bank, and at our bank. Saving has to be sold, just like Corn Flakes or Chryslers, Budweiser, or Buicks; and it calls for many of the same techniques, plus many that are special to our field.

Gloomy Garb with Long Face

In part, thrift as such may have lost some of its prestige because it always was presented in such gloomy garb and with such a long face. That concept of thrift is so out of harmony with anything else that is being offered by television, by magazine, by billboard, and by newspaper, that it hardly could hope to compete. . . .

Wachovia's Staff Sales Plan

Another conference speaker who made a valuable contribution to the discussion of selling savings was S. CARLYLE McDOWELL, vice-president of the Wachovia Bank and Trust Company, Winston-Salem,



A lone Texan, James D. Reid, assistant vice-president, First National Bank, Fort Worth, left, received a warm welcome from this Kentucky group. Others, left to right, J. W. Bratcher, vice-president and cashier, Citizens Union National Bank & Trust Co., Lexington; A. L. Johnson, Jr., assistant cashier, First National Bank & Trust Co., Lexington; L. M. Campbell, president, Second National Bank, Ashland; and J. L. Collins, executive vice-president and cashier, Bank of Maysville

N. C. He included information on how Wachovia uses its employees' talents in this field.

Mr. McDowell:

YOU know it is said there is an easy way to get business by advertising and a hard way by hard work. At Wachovia we have found it necessary to use both. As you know, the A.B.A. has an excellent advertising program. We have used it and found it most beneficial.

We have a staff training and sell-

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ing program, not of the campaign type but the day-to-day selling kind. No prizes are awarded for achievements, but constant recognition is given throughout the daily contacts and all interbank bulletins and publications. During the past two years, some 220 tellers, including some of the staff members in our instalment loan department, have made 75,613 in-bank solicitations from which 21,798 sales of new accounts have resulted for a selling average of 28%.

Employee payroll deductions have proved another excellent tool. We have about 60 companies operating on this group plan. One industrial plant now has 1,500 employees participating, with a weekly average deposit of \$9,500. We have 6,000 Save-O-Matic accounts averaging about \$30 per transfer from checking accounts per month.

We are convinced that if there is any magic in this, or any similar type of staff business development, it lies in having a sound plan, giving credit and recognition where it is due, backing it up with plenty of hard work with daily supervision and support.

Housing and Mortgages

Mortgages, from the standpoint of investments, were discussed at considerable length at the Regional Savings and Mortgage Conference of the American Bankers Association in Cincinnati. Among the speakers who had something of interest to say about mortgage investments were G. RUSSELL CLARK, executive manager of the American Bankers Association (as of March 1, New York State Superintendent of Banks,) and S. CARLYLE McDOWELL, vice-president, Wachovia Bank & Trust Company, Winston-Salem, N. C.

MR. CLARK's remarks included observations on the elements of quality and safety and the importance of mortgage marketability.

MR. McDOWELL referred to the increasing importance of mortgages as investments by comparing the percentage of funds invested in mortgages by the life insurance companies, New York savings banks, and savings and loan associations. He quoted an eminent mortgage banker as having stated recently that "the relative ability of savings institutions to attract the savings dollar will ultimately be determined in a large part by their investment policy."

Mr. Clark:

ALTHOUGH mortgages were only three decades ago, there greatly improved over what they are still good and bad mortgages.

The quality of the mortgage portfolio should, I think, be the prime factor in a bank's mortgage operations. . . .

The marketability of an investment is of considerable importance to banks whose assets are mainly offset by withdrawable liabilities. For the most part, mortgages do not have national marketability. Government guaranteed mortgages are, of course, the exception. I believe that financial institutions could, through the development of the proper devices, produce a conventional mortgage which possesses the uniformity and the national marketability of the Government guaranteed mortgage. This, I think, would be an important step in the right direction.

• NEWS •

Such a mortgage would in some ways resemble corporate bonds which are traded across the nation—not because they are insured by the Government, but because they possess uniformity and marketability. The advantage of such a mortgage would not only lie in its superiority as an asset, but would also result in a better distribution of available mortgage funds. In the long run, this is significant in the fight against inflation.

There are various possibilities for developing a national market for conventional mortgages. I am sure that a considerable amount of research and much work will be required to bring it about. . . .

Mr. McDowell:

AN efficient, profitable mortgage loan department cannot be operated on a blow-hot and blow-cold policy, any more than any other banking service or department. Rather, management must first recognize the value and importance of

the mortgage loan department—decide just how far it expects to go; plan for it; set up the goals, personnel, and procedures; and go out and sell it as it does savings or any other service. . . .

I would not suggest that we be misled in our thinking that simply because a loan is insured or guaranteed, it is necessarily free of all risk and that the mortgage will be marketable at a profit at all times should it be decided to sell it. . . . Throughout FHA's history, in spite of the frequent fluctuation

in the mortgage market, there have been few times that these mortgages were not salable at some price, whether at a loss or a profit depending upon how well they were selected and on what basis they were originated and particularly the time when they were put on the market for sale. So, the secondary sales market has had the effect of providing liquidity for this type of investment and in making the American home somewhat as a negotiable instrument. Investors purchase them without inspection.

Bankers from the Badger and Buckeye states compare procedures in the savings and mortgage banking field. *Left to right*, Roman H. Eschweiler, assistant cashier, and Hiller L. Beck, assistant comptroller, First Wisconsin National Bank, Milwaukee; and Paul M. Minter, vice-president, National City Bank of Cleveland



What a Builder Expects

Mr. Seltzer:

I BELIEVE the builder has a reasonable right to expect an understanding on the part of his banker: (1) a sustained flow of mortgage money; (2) assured lines of credit; (3) reliance on his banker for advice, counsel, and assistance; (4) urban renewal; (5) community facilities." That is how George N. Seltzer of The Seltzer Building Company, Cleveland, Ohio, summarized principal points in his address.

◆ Dollarwise, when you talk about home building, you are talking about an \$18-billion industry.

(CONTINUED ON PAGE 134)

CALENDAR

| 1959 | MARCH | | | | | | | 1959 |
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American Bankers Association

- March 2 National School Savings Forum, Roosevelt Hotel, New York City
- March 2-4 Annual Savings and Mortgage Conference, Roosevelt Hotel, New York City
- March 5-6 Committee on Real Estate Mortgages, Roosevelt Hotel, New York City
- March 9-11 Instalment Credit Conference, Conrad Hilton Hotel, Chicago
- March 19-20 Agricultural Commission and Subcommittee on Agricultural Credit, Westward Ho Hotel, Phoenix, Ariz.
- May 14-15 Southern Regional Trust Conference, Dinkler-Tutwiler Hotel, Birmingham, Ala.
- June 1-5 American Institute of Banking, The Bellevue-Stratford and the Sheraton Hotels, Philadelphia, Pa.
- June 8-20 Graduate School of Banking, Rutgers University, New Brunswick, N. J.

- Oct. 15-16 Western Regional Trust Conference, St. Francis Hotel, San Francisco
- Oct. 25-28 85th Annual Convention, Miami Beach, Fla.
- Nov. 5-6 28th Mid-Continent Trust Conference, Statler Hotel, Detroit, Mich.
- Nov. 9-10 8th Annual National Agricultural Credit Conference, Netherland-Hilton Hotel, Cincinnati, Ohio

State Associations

- March 19-21 Florida, Americana Hotel, Bal Harbour, Miami Beach
- March 30-31 Eastern States Agricultural Credit Conference, Hotel Manhattan, New York City

April 9-10 Pacific Northwest Conference on Banking, State College of Washington, Pullman

April 12-14 Louisiana, Buena Vista Hotel, Biloxi, Miss.

April 13-15 Mexican, Torreon, Coahuila, Mex.

April 14-16 Georgia, Augusta Hotel, Bon Air

April 27-29 Ohio, Cleveland Hotel, Cleveland

May 5-6 Tennessee, New Gatlinburg Inn, Gatlinburg

May 7-8 Oklahoma, Mayo Hotel, Tulsa.

May 7-9 North Carolina, The Carolina Hotel Pinehurst

May 8-9 North Dakota, Clarence Parker Hotel, Minot

May 8-12 Maryland, Chalfonte-Haddon Hall, Atlantic City, N. J.

May 10-12 Missouri, Muehlebach Hotel, Kansas City

May 10-12 Texas, Gunter Hotel, San Antonio

May 13-15 Kansas, Hutchinson

May 14 Delaware, du Pont Hotel, Wilmington

May 14-15 Massachusetts, New Ocean House, Swampscott

May 14-16 South Carolina, Poinsett Hotel, Greenville

May 15-16 South Dakota, Sheraton Cataract Hotel, Sioux Falls

May 17-19 California, del Coronado Hotel, Coronado

May 18-20 Mississippi, Buena Vista Hotel, Biloxi

May 19-20 Illinois, Chase-Park Plaza Hotel, St. Louis, Mo.

May 20-22 Alabama, Tutwiler Hotel, Birmingham

May 20-23 New Jersey, Chalfonte-Haddon Hall, Atlantic City

May 21-23 Colorado, Broadmoor Hotel, Colorado Springs

May 22-23 New Mexico, La Fonda Hotel, Santa Fe

May 24-27 Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J.

May 25-27 Arkansas, Arlington Hotel, Hot Springs

May 31- June 2 Oregon, Marion Hotel, Salem

June 3-4 Indiana, French Lick-Sheraton Hotel, French Lick

June 3-7 Dist. of Col., The Homestead Hotel, Hot Springs, Va.

June 4-6 Utah, Utah Hotel, Salt Lake City

June 5-6 Connecticut, Equinox House, Manchester, Vt.

June 7-9 Idaho, The Lodge, Sun Valley

June 9-10 Minnesota, St. Paul Hotel, St. Paul

June 11-13 Washington, Olympic Hotel, Seattle

June 11-13 Wyoming, Casper

June 13- Nevada, Hotel Riverside, Reno

June 15-17 Wisconsin, Schroeder Hotel, Milwaukee

June 18-20 Michigan, Grand Hotel, Mackinac Island

June 18-20 Montana, Canyon Hotel, Yellowstone Park

June 18-20 Virginia, The Homestead, Hot Springs

June 19-20 *New Hampshire, Wentworth - By - The Sea, Portsmouth

June 19-20 *New Hampshire Savings Banks, Wentworth-By-The-Sea, Portsmouth

June 19-20 New Jersey Savings Banks, Monmouth Hotel, Spring Lake

June 19-20 Vermont, Equinox Hotel, Manchester

June 19-21 Maine, Poland Spring House, Poland Spring

June 25 New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J.

July 9-10 Western Secretaries Conference, Glacier National Park, Mont.

July 23-25 West Virginia, The Greenbrier Hotel, White Sulphur Springs

Aug. 2-4 Central States Conference, Stanley Hotel, Estes Park, Colo.

Aug. 9-21 Colo. School of Banking, Univ. of Colo., Boulder

Sept. 10-12 Maine Savings Banks, The Balsams, Dixville Notch, N. H.

Sept. 17-19 Massachusetts Savings Banks, Wentworth-By-The-Sea, Portsmouth, N. H.

Oct. 8-10 Connecticut Savings Banks, The Greenbrier Hotel, White Sulphur Springs, W. Va.

Oct. 11-12 Nebraska, Sheraton Fontenelle Hotel, Omaha

Oct. 16-17 New Hampshire (Fall Meeting), Mountain View House, Whitefield

Oct. 16-21 New York Savings Banks, S. S. Nieuw Amsterdam, Cruise to Bermuda

Oct. 18-20 Kentucky, Brown Hotel, Louisville

Dec. 3-5 Southern Secretaries Conference, Grand Hotel, Point Clear, Ala.

*Joint meeting

Other Organizations

April 15-18 NABAC Southern Regional Convention, Roosevelt Hotel, New Orleans, La.

April 27-29 Independent Bankers Association, Sheraton Hotel, Philadelphia, Pa.

April 27-29 NABAC Eastern Regional Convention, Deauville Hotel, Miami Beach, Fla.

May 11-13 NABAC Northern Regional Convention, Municipal Auditorium, Sioux City, Ia.

July 19- Aug. 1 NABAC School for Bank Auditors and Comptrollers, Univ. of Wis.

Sept. 21-23 NABAC 35th Annual Convention, Statler Hotel, Boston, Mass.

Sept. 21-24 46th Annual Convention, Mortgage Bankers Assn., Hotel Commodore, New York City

Sept. 23-25 Annual Convention, National Association of Bank Women, Milwaukee, Wis.

Oct. 4-7 Robert Morris Associates, Annual Fall Conference, Edgewater Beach Hotel, Chicago, Ill.

Nov. 1-5 Financial Public Relations Association, Americana Hotel, Bal Harbour, Fla.

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

| SEPTEMBER | | | | | | |
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Credit Conference Report— Money Ample; Rates Stable; Competition Strong

WILLIAM P. BOGIE

A.B.A. President
Lee P. Miller
(right) and
FDIC Chairman
Jesse P. Wolcott



ALL PHOTOS BY PIX-CHICAGO

AN opinion poll, taken by BANKING at the National Credit Conference, produced a near-unanimous reaction on the subject of interest rates: **If they move at all during the rest of 1959, it will be only slightly upward.**

The question that produced this composite opinion was:

"In the light of recent monetary statements by the President, indicating that he is going to make a vigorous fight against inflation, what do

you think will happen to interest rates on loans during the rest of 1959?"

This and other questions were asked in a survey of opinions held by the more than 900 bankers from 44 states, the District of Columbia, the Philippine Islands, and Thailand who met at the LaSalle Hotel in Chicago on January 22 and 23 to discuss and hear expert viewpoints on credit matters. This was the 11th such annual conference held by the

Credit Policy Commission of the American Bankers Association, of which William F. Kelly, president, First Pennsylvania Banking & Trust Company, Philadelphia, is chairman.

Some specific comments on the subject of interest rates, and the geographical identification of those who made them, were:

● *The fight against inflation won't affect interest rates at all, and I don't expect them to change much if at all during 1959. (Nebraska.)*

● *My guess is that there will be little or no effect on interest rates. It depends on what attack he makes. If he wants cheap money for the Treasury, they'll go down; but, if he wants to make money scarce, they'll go up. In either case, there won't be much effect on rates. (Michigan.)*

● *General opinion is that interest rates can move only upward. I don't believe it will be much, but the*
(CONTINUED ON PAGE 106)



Left to right: Credit Policy Commission Chairman William F. Kelly, A.B.A. Vice-president John W. Remington, and Carl A. Bimson, president, Valley National Bank, Phoenix, Ariz., who presided at one of the sessions



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(CONTINUED FROM PAGE 104)

amount may depend on inflationary pressures. (Massachusetts.)

• Interest rates will go up. There's no other way for them to move. (Iowa.)

• City bank interest rates will go up, but country banks won't change. (Kansas.)

• I don't expect any change in in-

terest rates. If there is any, it will probably be upward, but any change is bound to be slight. (South Dakota.)

• There aren't any inflationary pressures right now, so there isn't any reason for rates to go up. Maybe later this year we might see some upward pressure on interest rates, but I don't expect that to happen. (New York.)

• Interest rates aren't going to

be connected with the fight against inflation at all. If he balances the budget, there won't be inflation, and to balance the budget he's going to have to raise taxes. That's what will hold down inflation. (Ohio.)

• I expect the effort to fight inflation might push interest rates up as much as $\frac{1}{2}\%$ —no more than that and probably not that much. But it will exert an upward pressure on rates. (Ohio.)

• They'll go up a little—the prime rate to $4\frac{1}{2}\%$ probably. (Iowa.)

• There won't be much change, but if any it will be up. (Iowa.)

• Interest rates will be about the same. (Arkansas.)

• They'll probably stay as is, although they might go up slightly. (Minnesota.)

• Interest rates will stay about as they are. (Georgia.)

• I think interest rates—mainly those on commercial loans—will go up somewhat. The prime rate might reach $4\frac{1}{2}\%$. (Illinois.)

• Rates will be stable through June, at least. They might be firmer in the fall. (Illinois.)

• There certainly won't be any reduction. (Michigan.)

• The President's efforts will have no immediate effect. Over a long period there may be an upward push. (Pennsylvania.)

A written 4-question poll was submitted to bankers at the conference. The answers called for were mainly "yes" and "no."

Question 1 was: "While the forecasts indicate a growing demand for credit, there is talk that banks now are generally 'loaned up' and can't profitably expand. Is that the situation with your bank? Do you think it's true of banks generally?"

To the first part of that question, somewhat more than 80% said "no." They did not consider their banks "loaned up." Not so many answered the second part of the question, and of those who did, just under 80% thought that banks generally were

(CONTINUED ON PAGE 108)

Q. AND A.

Staff members of BANKING interviewed bankers at the conference. In the top picture, center, is C. A. McCullough, president, First National Bank, Neodesha, Kans.; right, Russell B. McAfee, president, Commercial Savings Bank, Adrian, Mich. . . . In the picture below are, center, W. R. Robertson, vice-president, Trust Company of Georgia, Atlanta, and, right, C. A. McNair, assistant vice-president of the same bank



...adequate.....in their day...

BUT...

**modern banking
requires
modern protection!**

The fundamentals of locking a door are the same today as they were a hundred years ago. Only the techniques and devices have changed. Modern bank protection involves much more than locks—no matter how perfect.

In supplying blanket bonds and other types of insurance to fill this need we offer a broad and intimate knowledge of modern protection plus the ability to meet individual requirements. For complete protection insist on Federal coverage.



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THE UNITED STATES GUARANTEE COMPANY

CHUBB & SON, Managers

90 John Street, New York 38, N. Y.

(CONTINUED FROM PAGE 106)

not "loaned up," could profitably expand.

In response to another question, almost 90% said that bank credit was adequate in their localities, for the anticipated growth of business. The approximately 10% who saw a possible shortage of bank credit were then asked for the reason and the remedy. Some answers were:

- *People are using credit more freely. Loan portfolios have been growing for some time. A shortage of loan funds can be remedied by wise lending and the encouragement of savings.*

- *In this community, loans are limited to funds of the area itself,*

which is one with a small population—mostly working people of limited means.

- *There is ample credit for sound businesses on a short-term basis, but term loan money will be tight. This condition has existed for 10 years because of rapid expansion of the economy, but the problem is beginning to work itself out.*

- *There is lack of credit for housing. A flexible rate on FHA and GI loans would help.*

- *Savings and loan associations are absorbing much of the available deposit funds and lending them out in one direction only. Their function, however, is worthwhile, and additional bank credit can be obtained*

through correspondent relationships in areas where banks are not as fully loaned as we are.

- *Remedies: lowering reserve requirements; permitting credit for vault cash in computing reserve requirements.*

- *We have a tremendous demand for housing and builders, because we are near Government projects. Help will come through continuation of our sale of mortgage loans.*

- *Our shortage is due to competition for deposits from savings & loan associations and credit unions, together with increased public investment in common stocks as a hedge against inflation. A partial remedy might be to place our com-*



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petitors under the same tax burden borne by commercial banks.

One banker who anticipated no shortage of bank credit in his area stated that avoidance of a "loaned up" position had been the result of careful planning. He wrote: "It has been necessary to reduce the length of term loans and insist on regular payments. In addition, much mortgage money for new houses has been provided from other sources with the help of the bank. Insurance companies and the Small Business Administration have been very helpful."

The last question on the written survey asked: "What nonbank lending agencies do you consider real competitors, and is the competition increasing?"

About half the respondents saw competition on the increase, and two-thirds of those answering the question considered savings and loan associations as their chief competitors. Half listed credit unions and some 20% named production credit associations and other governmental agencies. A smaller number mentioned finance companies, insurance companies, small loan companies and cooperatives. About 10% said that they had no real competitors.

Mr. Kelly's Summary

At the end of the conference, President Kelly made some observations on the current business and credit picture, economic growth and stability, and the competitive environment. His conclusions were in agreement with the majority opinion developed by BANKING's opinion poll. Mr. Kelly said:

"The environment of improving business activity suggests that over the months ahead bank lending patterns will not change to a significant degree. The demand for credit, in general, will reflect the breadth of the recovery, and interest rates will naturally respond to the demand for credit. A tone of optimism prevails regarding business prospects, but there is no widespread expectation of an immediate substantial growth in real output and consumption.

"Prospects for the years farther ahead are indeed promising. Our expanding population and changing patterns of income foreshadow a growing market not only for bank credit, but other services as well. But maximum growth and a higher standard of living will require a

climate of stability. They will require a combination of public policies and private efforts, including a prompt and vigorous attack on inflation.

"Bankers should be alert to the growing pressures of competition for the consumer's dollar, not only among different firms and among segments of the economy, but also among financial institutions. Competition poses a real challenge to modern business. Even in a period of expanding economic activity, the worth of the borrower and safety of his credit will depend upon his abil-

ity to meet competition. Secondly, bankers themselves can expect to face increasing competition from others in the financial business. It should be abundantly clear that no field of credit is exclusive to banks, and that it will require resourceful policies and imagination to preserve and extend banking's participation in key lending areas—whether they be small or large business, consumer financing, industrial or home mortgage credit, or agricultural credit. Moreover, bankers can expect competition from both private lenders and Government credit programs."



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Trust Division President Challenges Inheritance Tax

"ELEVEN years ago Evans Woollen* raised a lone voice to challenge the impact of the Federal estate tax upon our citizens; he urged trustees everywhere to use their influence as champions of the institution of inheritance. It is timely that another voice be added to his plea," Carlisle A. Bethel, president of the Trust Division of the American Bankers Association, said in his address, "Champions of Inheritance," before 2,312 trustees attending the 40th Mid-Winter Trust Conference of the Association in New York last month.

He asserted that "while a number of voices are being raised against the institution of inheritance and what they call the taxfree privilege of trusts, militant champions of the right to accumulate and preserve property appear to be few and far between.

"Unless an equally aggressive counterattack is waged, their efforts may well succeed," declared President Bethel.

HE added that the task of refuting opponents of the institution of inheritance cannot be accomplished solely by organization such as the U. S. Chamber of Commerce and the American Bankers Association, but will require the steady and relentless efforts of thousands of trustees all over the country. He urged them to talk with their Congressmen and Senators about this subject and to use the countless opportunities open to them in talks they are called upon to make before all types of citizens and in dealings with their prospects and customers.

Creeping Inflation Temporary Phenomenon

Dr. Marcus A. Nadler, professor of finance, New York University, New York City, does not foresee a renewal of inflationary pressures in

* The late Mr. Woollen was president of A.B.A. Trust Division in 1946 and president of the A.B.A. in 1948.



WEIMAN & LESTER

Prominent conference speakers on dais at the New York Clearing House luncheon. *Left to right, Lee P. Miller, Senator Sam J. Ervin, Jr., Carlisle A. Bethel, Howard C. Sheperd (president, The New York Clearing House Association and chairman, The First National City Bank of New York), and Ross L. Malone*

the immediate future. However, when industry again operates at or near capacity, employment conditions are satisfactory, and profits rise, there is, he feels, a real danger that the wage-price spiral will be renewed.

Dr. Nadler is of the opinion that "so long as there is strong opposition to inflation on the part of the Government and the monetary authorities, both bonds and stocks have a place in every trust portfolio. "If it should become evident in the not distant future that the inflation bias remains unshaken and that the political leaders have adopted creeping inflation as a way of life, which is inconceivable, then bonds of any kind, irrespective of quality and tax status, would have no place in any portfolio," he added.

"It is inconceivable," he said, "that the U. S. will adopt creeping inflation as a way of life. Without official acquiescence and assistance, creeping inflation will prove to be a temporary phenomenon."

Efficient, Effective, Profitable

"Bank management may be justified in subsidizing a trust department initially," said A.B.A. Presi-

dent Lee P. Miller, "but the trust department must be expected to stand on its own in a reasonable time. Continued subsidization will inevitably weaken the department and cause it to be subordinate to the banking department. This, in turn, makes for inequality of recognition, advancement, and compensation between bank and trust personnel. The incentive and morale of trust personnel are destroyed; and inferior trust services, dissatisfied trust customers, and further decrease in profits may be the result."

Role of Supreme Court

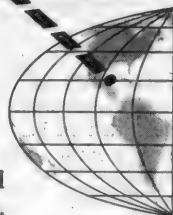
"As one whose major efforts have centered in the administration of justice, I have the abiding conviction that 'tyranny on the bench is as objectionable as tyranny on the throne' and that my loyalty to constitutional government compels me to oppose it," said Senator Sam J. Ervin, Jr., (D., N. C.) at the luncheon given by the New York Clearing House Association at the conclusion of the conference on February 11.

"Laws are designed to furnish rules of conduct for government and people," said the Senator. "As a
(CONTINUED ON PAGE 112)



man-on-the-spot

in Guatemala



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(CONTINUED FROM PAGE 110)

consequence, a law is destitute of value unless it has sufficient stability to afford reliable rules to govern the conduct of government and people, and unless it can be found with reasonable certainty in established legal precedents."

Senator Ervin said that "if the thesis that a majority of the members of the Supreme Court have the rightful power to change the meaning of the Constitution under the guise of interpreting it every time a sitting justice wavers in mind or a newly appointed justice ascends the bench should find permanent acceptance, the Constitution would become to all practical intents and purposes an uncertain and unstable document of no beneficial value to the country."

Lawyers—Supply and Demand

"When we examine the number of admissions to the bar per million of population in the United States in 1930, we find that they were at the rate of 81 newly admitted lawyers per million of population each year," said Ross L. Malone of Roswell, N. Mex., who is president of the American Bar Association.

"The same examination for 1958 shows admissions at the rate of only 57 per million persons, a reduction of 30% in new admittants per million persons," Mr. Malone said.

"There is no criterion by which we can determine with certainty what the ideal number of lawyers per thousand of population is required to meet the demand of the people of the United States for legal services," he added. "We can say, however, that if it be conceded that the profession was overcrowded in 1930, even up to an excess of 33 1/3%, the situation has been corrected during the intervening years, and overcrowding no longer exists, at least so far as newly admitted lawyers are concerned. If the excess which existed in 1930 was less than the suggested one-third, then there is reason to conclude that, in fact, a shortage exists today in newly admitted lawyers—one which can be expected to continue so long as law school enrolments are at approximately their present level."

Brief Excerpts from Talks

Leading authorities in the trust field covered just about the full

gamut of trust services in their talks at conference sessions. Digests will be made of these speeches in future issues of the A.B.A. *Trust Bulletin*. Therefore, only brief excerpts can be included in this report:

- It has been estimated that 70 to 75% of the entire trust department expense goes to salaries while only 2 to 3% is spent on stationery. The proper operation of a trust department today demands specialized knowledge in many fields . . . To be negligent in having talents in these fields available to your trust department is to court potential disaster.

- Bank Fiduciary Fund has proven to be a valuable addition to the trust services of New York State.

- Why didn't we have a Common Trust Fund years ago? We have been asking ourselves this question since the start of our fund in 1956 and it is undoubtedly the same question you will be asking after the start of your fund.

- By far the greater number of pension plans are of the definite-benefit type; variable annuity plans are very much in the minority.

- We can expect that amendments will soon be proposed by the Administration [to the Federal Disclosure Act] which will establish more clearly the direct responsibilities for compliance and enable the Secretary [of Labor] to interpret the law, conduct investigations, enforce good practices, and invoke penalties for bad practices.

- The Simpson and Keogh bills provide for the establishment of retirement plans for self-employed people who are engaged in businesses, such as merchants, lawyers, or doctors, . . . The trustee's role in such a trust will be akin to its job under a profit-sharing plan, with allocations being mainly based on the participants' deposits.

- I believe that legislation similar in objective to the Keogh bill as it passed the House last spring will be on the statute books before the present Congress adjourns in 1960.

- Because the bills (Simpson and Keogh bills) permit more than one individual to participate in a single retirement plan, the way is open to associations of self-employed individuals to create retirement plan trusts with a bank as trustee.

- With a program of aggressive development of branch trust departments and the adoption of more realistic fee schedules, branch banking systems will find many opportunities in the future for the profitable employment of fiduciary services.

- Like the "poor who are always with us," so are the poor performers found throughout business and industry. . . . We can hang a "scrap tag" on a failure—this means firing him. But why not hang a "rework tag" on

him and make an effort to salvage something of the years of training and experience that represent the institution's investment in this man?

- Assuming, as I think I fairly can, that all of us will act with reasonable prudent judgment in whatever emergency confronts us, I would anticipate continued substantial growth for all competent professional fiduciaries over the next several years.

- If we decide to take a new look at the real estate and mortgage field as a possible area for trust investment, let us first take a look at the major reasons for lack of interest and see if the questions are so insurmountable that we should say that the corporate fiduciary is unable to operate satisfactorily in this field, and that this type of investment can be handled only by individual interests.

- This country is pricing itself out of many of the world markets as a result of our high and constantly rising labor costs. Companies with plants in England and this country tell me they have a 30% to 40% lower cost on their English operation. In looking at companies in many industries, this broad question of foreign markets and foreign competition should be considered [in selecting trust fund investments].

- Trust investments made in each company or security will depend entirely upon the objectives for which each trust is established. Companies likely to grow at above average rates because of technological or scientific advances should be considered as possible common stock investments. However, where current income is a primary objective of the trust, emphasis may well lean toward bonds and preferred stocks in categories where satisfactory yields are obtainable.

- . . . the lawyers would be greatly appeased if in a given community they believed that the trustmen and insurance men, particularly, were not going to work out detailed estate plans where the lawyer could do a fairly good job on that himself. The majority of lawyers who are not experienced in that work will appreciate knowing that the trust and insurance men will help them with plans for their clients in such ways that their inexperience is not too obvious.

- The present law in regard to the income taxation of estates, as well as the changes therein proposed by the Advisory Group, [to the House Committee on Ways and Means] requires that an executor weigh carefully the Federal income tax consequences of a contemplated distribution of estate assets. As potential executors, you should study the proposals made by the Advisory Group and make known in the proper places your views in regard to their adoption.

NATIONAL FOOD PROCESSORS, INC.

BALANCE SHEET

ASSETS

DECEMBER 31

Cash in banks and on hand \$ 24,343
Accounts receivable 103,718
Prepaid expense 11,697

INVENTORY \$356,127

Total current assets \$485,885

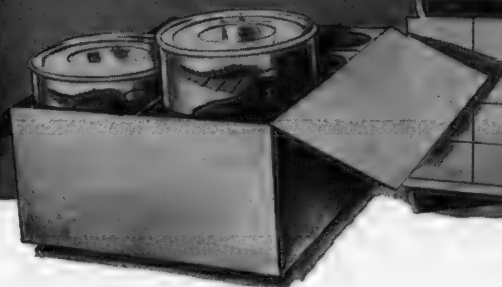
Land \$ 43,000

Buildings 106,748

33,184

7,655

**"I want to be
a loan!"**



Mr. Loan Officer—whenever you see a financial statement on which the INVENTORY “wants to be a loan”—why not call in Lawrence. Lawrence System Warehouse Receipts enable you to convert inventories into prime collateral for secured loans ranging from \$15,000 to \$1,000,000 or more.

LAWRENCE ON WAREHOUSE RECEIPTS



... IS LIKE CERTIFIED ON CHECKS

LAWRENCE WAREHOUSE COMPANY

NATIONWIDE FIELD WAREHOUSING

37 Drumm Street, San Francisco 11
100 N. LaSalle Street, Chicago 2 • 79 Wall Street, New York 5
OFFICES IN PRINCIPAL CITIES



When a good customer is currently not acceptable for bank credit...

MAY WE SUGGEST

That you contact ALC.

A bank may, if so desired, participate in an ALC arranged loan.

We have unique facilities for expediting:

Accounts Receivable Financing
Machinery and Equipment Loans
Inventory Loans
Construction Loans
Land Development Financing

May we send you information or discuss with you personally our unusual services?

Accredited Loan Correspondents

Registered Securities Dealers
Securities Department
State of Illinois



A Dollar Bill Will Bring YOU Five Months of BANKING'S NEWSLETTER

Write to

BANKING'S NEWSLETTER

AMERICAN BANKERS ASSOCIATION
12 East 36th Street, New York 16, N. Y.

Washington

(CONTINUED FROM PAGE 43)

In an educational campaign a number of bank holding companies and banks financed a study of "The Bank Holding Company" by Dr. Marcus Nadler and Dr. Jules I. Bogen of the Graduate School of Business Administration, New York University. It was distributed to all members of Congress and widely to banks throughout the country by the Association of Registered Bank Holding Companies, which only last fall set up an office here. The distribution will go far to change the brochure's own subtitle, "A study of America's least-known type of bank organization."

The bank holding company, or "group banking" as it is called, is presented by Drs. Nadler and Bogen as a native development of American ingenuity "that has proved particularly well adapted to the conditions that prevail in many areas in this country."

Distinguishing Characteristic

Group banking is distinguished from the unit bank, which limits its operations to a single bank location, and the branch bank, which conducts its business at branch locations as well as at its main office. The holding company holds controlling stock interests in commercial banks.

The New York University study found that bank holding company systems constitute a newer "third force" in American banking. Reporting on a survey of 26 bank holding company systems, the study found that group banking is "a typical cross-section of the American banking system." It added that differences between holding company banking, unit, and branch banking are in performance and internal structure and relations.

At the end of 1957, the report said, group banking systems held 7.5% of all commercial bank deposits, over half of the total in four states and over 20% in 12 states.

The report is timely in view of the possibility of amendments to the Bank Holding Company Act in this Congress. The Federal Reserve Board has already sent up to the banking committees of Congress 25 amendments to the Bank Holding Company Act.

A NEW PICTURE DAILY...



... A NEW DISPLAY EVERY DAY

Are you wasting thousands of valuable advertising dollars? Banks throughout the country are making their windows and lobbies pay extra dividends with TIMELY EVENTS' attention-getting fluorescent displays featuring time, barometric pressure and outstanding newspictures. Custom designed to blend with your decor and priced as low as \$2.00 per week.

TIMELY EVENTS

236 N. Clark St. Chicago 1, Ill.

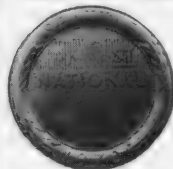
Finer Quality Since 1882



BEAUTIFULLY STYLED

... signs ... letters
... plaques ... nameplates
... desk nameplates

NEWMAN CRAFTSMANSHIP



Skillfully expressed in

**HAND
CHASED
BRONZE**

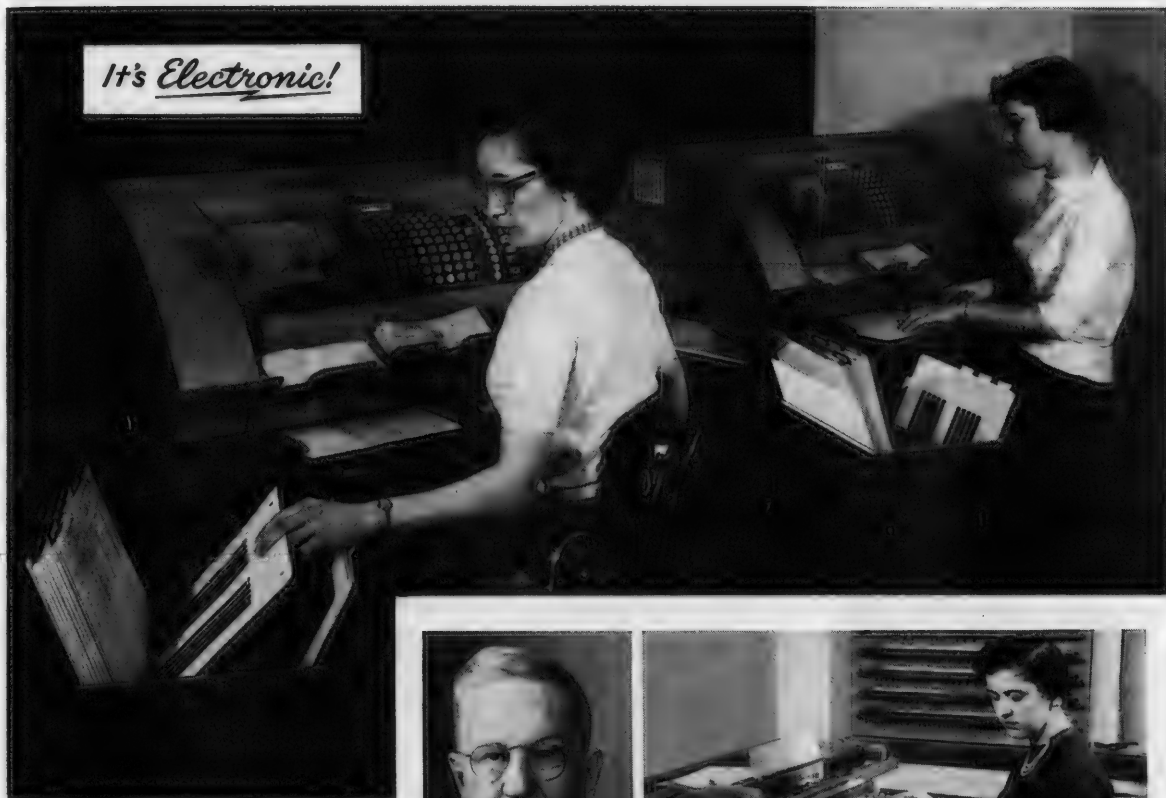
Also aluminum or stainless steel in distinctive designs.

WRITE TODAY for folders and suggestions without obligation.



667 W. 4th St., Cincinnati 3, Ohio

It's Electronic!



NATIONAL POST-TRONIC MACHINES enable this bank to process data with great speed and accuracy.



CHARLES H. NORTON,
PRES. of Erie County
Trust Company,
East Aurora, N. Y.



EMPLOYEES LEARN TO OPERATE
a National quickly and easily.

"Our *National* System
pays for itself every 2 years...
returns 55% annually on investment!"—Erie County Trust Company,
East Aurora, N. Y.

"Our National System has exceeded expectations," writes Charles H. Norton, President of the Erie County Trust Company. "We've received excellent service from three types of Nationals: the Post-Tronic*, the Typewriter-Accounting Machine, and the 'No-Button' Proof Machine.

"The amazing flexibility of our National Class 31 Machine enables us to process trust records, general ledger, payroll and daily statement with great speed and accuracy. Our two National Post-Tronics replaced five conventional machines. They process the same volume of work with half the personnel

and in half the time formerly required. And our National 'No Button' Proof Machine has increased the speed and efficiency of our proof department by at least 20%.

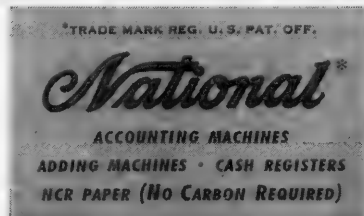
"All in all, we estimate that our Nationals will have paid for themselves in two years. This annual return of 55% convinces us that the National System is ideally suited for any financial institution."

C. H. Norton

★Reg. Trade Mark President of the
Erie County Trust Company

THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio
1039 OFFICES IN 121 COUNTRIES • 75 YEARS OF HELPING BUSINESS SAVE MONEY

The miracle of electronics provides the lowest posting costs ever known. This means more efficient over-all operation of any bank regardless of size. Your local National representative will be glad to show how much the POST-TRONIC can save your bank.





For over 77 years, Japan's largest financial institution has fostered international trade and commerce. If you need a helping hand in Japan, contact...



The FUJI BANK Ltd.

Head Office: Chiyoda-Ku, Tokyo
Overseas Offices in London, Calcutta
187 Branches Throughout Japan
New York Agency: 42 Broadway, NYC

How many "ghosts" in the collateral?

Even the most reputable borrower may not be aware that "ghosts" have invaded his property record. Sometimes, through oversight, property may remain in the accounts even though previously sold, scrapped or replaced.

An original cost study and check of physical assets by The American Appraisal Company will reveal all such "ghosts" on the records and will help in your lending decision.

For more than 60 years, The American Appraisal Company has been serving industry with impartial reports in the fields of property verification and control, insurance, depreciation, taxation and corporate financing.

SINCE 1896...LEADER IN PROPERTY VALUATION

**The AMERICAN
APPRAISAL
Company®**

Home Office: Milwaukee 1, Wisconsin
Offices in 18 cities coast-to-coast

Do Your Ads Orbit or Poof?

(CONTINUED FROM PAGE 54)

medium; it reaches a broad segment of the public without particular selectivity. On the other hand, outdoor is considered by many to be of a "rifle" nature, capable of being aimed at a narrower and more selective portion of the audience.

The findings do not support this theory and may indicate that outdoor is more effective for bank advertising than has generally been thought. Note that the median recall of outdoor is slightly higher than the highest recall achieved by radio. This is significant when we consider that more banks use radio than outdoor, and that the average expenditure is larger in radio than in outdoor.

Here is evidence that an advertising budget reexamination might be in order, with some new thinking on the "rifle vs. shotgun" concept. And it should include an important factor often overlooked: Bank advertising competes for public attention not only with that of other financial institutions, but with all advertising in every medium.

Each bank and its market area are, of course, different to some degree. Media expenditures must be considered individually and solved on a local basis. Danger threatens the bank advertising and business development man who selects media entirely on the basis of "that's what other banks are doing."

One method of solving the problem of media selection is through market research. But there is one important point applicable and essential to any bank for which a market research survey is undertaken. This point is that the findings of such a survey will be of value only in direct proportion to their implementation by the bank.

Take, for example, a bank of \$225,000,000 in deposits, second largest in a city of 600,000. Our research survey showed that public recall of media was: television, 85.5%; newspaper, 48%; outdoor, 52.5%; and radio, 42%. Sponsor recognition accorded the bank by the public was erratic, ranging from first place in one medium to fifth place in another.

These ratings were not in proper relationship to the relative expendi-

tures by the bank in these media. Another important factor revealed by the survey was the failure of the bank's advertising to reach one particular socio-economic group. This was reflected in the opinions and attitudes of the group toward the bank. Armed with these facts, the bank was able to take remedial action.

Another survey was conducted for a bank of \$75,000,000 in deposits in a city of 175,000. It was the second largest of five banks none of which used television or radio advertising. This bank rated first on sponsor recognition in both newspaper and outdoor advertising although it had a smaller budget than the larger institution. It was a good example of how a well-planned program based on facts can pay off.

Not the Final Word

Obviously, the general statistics presented here should not be used as absolute and unswerving criteria upon which all banks might base their advertising budgets. Rather it is felt that they might add an idea or two to the arsenal of the bank advertising and business development man.

During the past few years an increasing importance has been attached to business development. Consequently advertising budgets have increased significantly, 15% to 20% increments not being uncommon.

But media effectiveness is a problem than continues to face every advertiser. The finest copy and illustration cannot fulfill its potential if placed in the wrong medium. Competition, expanding advertising budgets, and rising media costs all demand a more critical examination of the relative effectiveness of media for bank advertising.

PORTRAIT OF THE ARTIST

He never knows how much he owes,
Or if he's in the red or black,
Or where his next check's coming from,
Or when the last one's coming back!

Stephen Schlitzer

Assistance in The Management of Your Bond Account



The experienced Bond Department officers of The Northern Trust Company can be *particularly* helpful to you in the selection, integration, and management of securities for your bank's investment portfolio.

These men, continually abreast of current market conditions and well-informed on the use of U. S. Government and tax-free municipal securities in bank portfolios, are in a position to provide useful services to you in the days ahead. Whether you would like portfolio analysis . . . bond investment advice . . . assistance in the management of your bond account . . . or adjustments in your holdings for tax purposes, specialists from our Bond Department will be happy to personally work with you at any time.

This unique and complete bond service is another advantage you'll enjoy through a correspondent banking relationship with The Northern Trust. Phone or write for full information. An officer will make an appointment to see you in your office.



The
NORTHERN TRUST
Company
BANK
NORTHWEST CORNER
LASALLE AND MONROE

In the Heart of the Financial District • Chicago, Illinois • Financial 6-5500 • Member F.D.I.C.



For Your *Clients*

CANADIAN

Patent, Copyright and Trademark...

regulations are outlined in "Your Guide to Business in Canada," just published as a service to American executives by Canada's First Bank. Many other essential subjects, including Canadian taxes and company formation, are discussed.

This booklet is one of a number of B of M publications which may help you render broader service to your Canadian-minded customers. For a free copy write on your bank letterhead to our nearest U. S. office or to the Business Development Department, Head Office, Montreal.



BANK OF MONTREAL

Canada's First Bank Coast-to-Coast

BRANCHES IN ALL TEN PROVINCES

District Headquarters:

Halifax, Toronto, Winnipeg, Calgary, Vancouver

NEW YORK: 64 Wall St. • SAN FRANCISCO: 333 California St.

CHICAGO: Special Representative's Office, 141 West Jackson Blvd.

Head Office: Montreal

750 BRANCHES IN CANADA, U.S., GREAT BRITAIN AND EUROPE • RESOURCES EXCEED \$3,000,000,000

THE COMMON MACHINE LANGUAGE

The term "common machine language" adequately identifies the numerals that will be used to encode bank checks for mechanized handling. Arabic numerals, as such, have always constituted a "common language" recognizable by the human eye. They are reproduced by many mechanical devices, from conventional typewriters to complex computers, and they can be easily read even though they vary greatly with respect to size and shape. The difference, therefore, between the terms "common language" and "common machine language" narrows down to the degree of exactness required for machine recognition.

This introduces a new measuring element into the printing industry in that, technically, it removes quality differentials. Heretofore, one printer would do a better job than another and he would be inclined to emphasize this, especially if it was discernible to the human eye. Now, when he imprints codes on checks,

he presumably loses his qualitative advantage since all codes printed by all printers must be on a par with respect to placement, configuration, ink coverage and signal strength.

Of course, we really don't believe that all printers could be the same any more than could doctors, lawyers, or salesmen, but we must admit, insofar as the coding of checks is concerned, that they will have to approach a degree of sameness if they are to produce within the close printing tolerances dictated by machine reading limitations. Here at DeLuxe we have been up to our ears in coding experimentation from the early tests of optical recognition, fluorescent dots, magnetic binary codes, and continuing with all the various type designs up to and including the final E-13-B font. In our opinion, this does not give us any advantage over any other printer except to the extent that the coding problems are perhaps more apparent to us.



Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, INDIANAPOLIS, CHICAGO,
KANSAS CITY, ST. PAUL, DALLAS, CHATSWORTH

Mobile Homes

(CONTINUED FROM PAGE 51)

or more feet. In 1957 an estimated 41% of the homes produced were 45 feet or longer.

These give the homeowners 450 to 500 square feet of floor space, which compares very favorably with the 700 or fewer square feet available in many of the houses built immediately after the war. As a matter of policy, many institutions finance only units 30 feet or more in length.

Number, Income Level Of Occupants

The number of occupants depends, of course, on the size and planning of the mobile home. In a larger unit, with berths for children, it is not uncommon to accommodate as many as six individuals.

Occupancy is not limited to persons of low income; many individuals of substantial income have chosen it as a comfortable and enjoyable mode of life. Amazingly enough, many rarely move from one site to another. When the larger homes are moved, it usually is done by companies making a specialty of mobile home transportation.

Life in a mobile home is identified by the simplicity which results from fewer household chores, and almost complete elimination of the problem of domestic help. These units have enjoyed particular popularity in the southern resort centers, and the camaraderie and spirit which exist in mobile home communities add immeasurably to the enjoyment of life.

Numbers Increasing

The improved design of mobile homes within recent years and the growing acceptance of these units by the public have increased the interest of institutions in financing them. In 1957 it is estimated that more than 1,100 banks and 200 finance companies were engaged in financing such units. It appears to be a lucrative and reasonably safe investment outlet.

One extravagance suggests another.

About the time the family is pretty well satisfied with what it has, the Joneses buy something else.



In 1958 Columbia Gas System served more people with more natural gas than ever before

In 1958, more than 3,000,000 homes and businesses needed more than 700 billion cubic feet of gas from Columbia — 57 billion more than in 1957. Among this total were 58,000 new house heating customers.

To meet these needs, Columbia Gas invested \$82,700,000 in new construction and property improvements, and contracted for billions of cubic feet of new reserves in the Appalachian section and the Southwest.

Late in 1958, Columbia Gulf Transmission Company, a new subsidiary, acquired the Gulf Interstate pipeline, to help assure additional supplies of southwest gas to serve growing customer needs.

Columbia Hydrocarbon Corporation's fractionation plant at Siloam, Kentucky, began full-scale

operations during December, 1958, producing propane, butane and natural gasoline. It is also a potential source of ethane for the petro-chemical industry.

To learn more of Columbia's continuing investment in service—along with financial details—write for your copy of our 1958 Annual Report.

THE COLUMBIA *Gas* SYSTEM, INC.

COLUMBIA GAS SYSTEM SERVICE CORPORATION
COLUMBIA HYDROCARBON CORPORATION
120 EAST 41st STREET, NEW YORK 17, N. Y.

CHARLESTON GROUP: UNITED FUEL GAS COMPANY, AMERE GAS UTILITIES COMPANY, ATLANTIC SEABOARD CORPORATION, COLUMBIA GAS OF KENTUCKY, INC., VIRGINIA GAS DISTRIBUTION CORPORATION, KENTUCKY GAS TRANSMISSION CORPORATION...
COLUMBUS GROUP: THE OHIO FUEL GAS COMPANY, THE OHIO VALLEY GAS COMPANY...
PITTSBURGH GROUP: THE MANUFACTURERS LIGHT AND HEAT COMPANY, COLUMBIA GAS OF NEW YORK, INC., CUMBERLAND AND ALLEGHENY GAS COMPANY, HOMER GAS COMPANY...
COLUMBIA GULF TRANSMISSION COMPANY...THE PRESTON OIL COMPANY

As to Rate Charts...

"Now this is what I want in my instalment loan chart". This is what we hear so often, but before we tell you how well equipped we are to make your chart we first tell you about what we have on the shelf ready for you. If you can use standard terms of 12-18-24-30-36 months, and amounts to \$3,000 by 20's then you're all set. We have them at every "add-on" rate (or if we don't we'll pretend we do and make them fast); and we'll include credit life insurance at any, yes any, premium rate; and the cost

is just \$5 for 100 charts, page size 6 $\frac{3}{4}$ x4.

But if you still say you want something special, then we're listening and ready for you.

Indeed, what better chance to talk about it then at a visit to our Exhibit at the Instalment Credit Conference. If nothing else you can pick up a free ring binder with samples to take home.

And if you're not headed for Chicago, simply write on the back of your card "send sample guide for rate charts", and send it along to the undersigned.

FINANCIAL PUBLISHING COMPANY

82 Brookline Avenue, Boston, Mass. KENMORE 6-1827

BOND VALUE TABLES • MORTGAGE TABLES • AMORTIZATION SCHEDULES

Do Your Directors Read BANKING?

SIMPLEST SYSTEM YET!



Drawer Model
for 40 Keys

12" w, 5" h, 6" d

KEY-DRAWER

fits desk drawers and file cabinets

KE-MASTER SYSTEM also provides for capacities from 10 to 800 keys in Key Cabinets, Racks, Boards. See your local stationer, or write direct to

CUSHMAN & DENISON

MANUFACTURING COMPANY
CARLSTADT, NEW JERSEY

Please forward detailed information on Key-drawer and other units of the Ke-master Key Control System. B-3

Name _____
Address _____
City _____
Zone _____ State _____

Why Pass Up Extra Commissions?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers. Commission basis.

WILLIAM EXLINE, INC.

1270 Ontario Street • Cleveland 13, Ohio



UNITED FRUIT COMPANY

239th Consecutive Quarterly Dividend

A dividend of fifty cents per share on the capital stock of this Company has been declared payable April 15, 1959, to shareholders of record March 13, 1959.

EDWARD D. TOLAND, Jr.
Secretary and Treasurer
Boston, Mass., February 9, 1959

Credit Life INSURANCE COMPANY Springfield, Ohio

Licensed in all 49 States,
D. C., Hawaii and Canada

Give the Lady What She Wants

(CONTINUED FROM PAGE 44)

Some of the comments overheard included:

J. G. MILLER, First National Bank (\$63,000,000), Springfield (pop. 90,000): "We use quite a few radio spots during the day and most of them are beamed at the housewife."

MRS. MARY EWING, Union National Bank (\$14,000,000), Macomb (pop. 10,000): "Our community room is used regularly by the Household Science Club, Home Bureau groups and the Women's Soil Conservation Club."

WALTER R. LOHMAN, State Bank of Ashland (\$3,500,000), Ashland (pop. 1,200). "We were thinking mainly of our women customers when we recently installed background music."

MRS. HELEN SAUPER, Naperville National Bank (\$13,000,000), Naperville (pop. 12,000): "I personally call on newcomers to our town. Not only do I discuss the bank and its services but I also talk about our stores, schools, parks, and the many things a housewife wants to know about a new town."

R. B. BACHLE, National Boulevard Bank (\$91,000,000), Chicago (pop. 3,750,000): "Our most successful effort was the money management course we sponsored last October for business women. We met one evening each week for seven weeks. There were lectures and discussions on budgeting for personal finance, techniques on saving money, real estate ownership, insurance, bonds, stocks, and a summary. We limited the course to 30. One unique feature was that we charged \$10. The understanding was that participants would receive a full refund if they attended at least six meetings. If not, the money would be contributed to the United Fund in their name. There was only one default, and it was caused by a vacation. Was it successful? We have 125 on the waiting list. We're now making plans for a repeat performance in April."

MRS. MAZY ROCKWOOD, Neat, Condit & Grout National Bank (\$3,500,000), Winchester (pop. 2,000): "Although I'm the president, my desk is located where I can see and talk with everyone who comes into the bank. All of us know each other

in a smaller community and it's not a matter of a bank president talking to a customer. Rather, it's a friend talking to a friend. Most of our lobby visitors are women and we just love to talk. It's the part of my job I like best—making them feel at home."

LAWRENCE KELLER, JR., Alton Banking & Trust Company (\$19,000,000), Alton (pop. 40,000): "We're very pleased with our Family Bank Counselor Service. One of our lady staff members calls on the homemaker to discuss financial matters. If she visits a customer, she stresses the additional services we offer. If she's a noncustomer, our representative solicits the family's banking business."

Other services that were mentioned with only miladies in mind included: plaid and polkadot check-book covers, neat and convenient rest rooms, flower shows, pastel-colored checks, the imprinting of checks, and tours for women groups.

"We promote our drive-in window to the mothers suggesting they don't have to leave the car, worry about the kids, or take down the curlers when they bank from their cars," said one banker, and another: "We have our lobby guards wear business suits, because a few women told us they didn't like all that brass."

W. G. LYMAN, University National Bank (\$4,200,000), Peoria (pop. 120,000): (With the look of a man possessing a full appreciation of women's powerful financial influence—he has a wife, two daughters): "I took notes on everything the panel said, because nobody understands a woman like a woman. I'm convinced of one thing—when you sell a man, you sell a man, period. But when you sell a woman, the chances are pretty good you also sell her whole darn family."

VERY TAXING

Though my weekly check's not a tidy sum,

What nettles my puzzled dome,
Is what they'll take from my take home pay,

After I've taken it home.

STEPHEN SCHLITZER



HOW TO SAVE 3/4 THE MANHOURS SPENT HANDLING BIG ACCOUNTS

Lock box depositing constantly reminds corporate accounts of the complete service you provide.

But it can also be a constant headache — with expensive typing and checking operations. You can eliminate all these steps . . . save up to 3/4 of the manhours they require . . . and save your clients even more depositing time. Here's how:

As you receive them from the assigned post office box, make photocopies of the checks. Tape the checks and copies; compare the totals. Then float the checks at once; send the photocopies with deposit tape to the depositor.

With Photostat® Photographic Copying Apparatus you can process up to 1,000 checks an hour — without chance of error — and save most of the handling expense. The saving in time builds balances — makes happy clients.

It's a way to give better service at less cost. We'll be glad to give you all the details.

PHOTOSTAT CORPORATION

P. O. BOX 1970 BM • ROCHESTER 3, N. Y.
PHOTOSTAT IS THE TRADE MARK OF PHOTOSTAT CORPORATION





MORE Checks are sorted FASTER



No. 2213
Bank
Sorter

Kohlhaas

BANK CHECK SORTER

Get rapid, accurate sorting with post-and-file single or dual posting methods. Our forty years experience fulfilling your needs in all phases of check handling assure you of a best quality sorter—all of the operator designed features to improve your sorting efficiency. A complete line of Kohlhaas Sorters is available at leading bank supply and office equipment firms.

See your local dealer today . . . or write for descriptive literature.

the KOHLHAAS CO. 8012 S. Chicago Ave.
Chicago 17, Ill.

"TOPS" YOUR BEST BUSINESS BUILDER for SPRING and SUMMER!



YOUR ADVERTISING
WILL BE READ IN HOMES
DAILY FOR 3 YEARS
FOR PENNIES!

Plan now to double spring and summer business. Have "Tops" work for you every day right in your customers' and prospects' homes. These wonderful bottle re-sealing plastic caps are ideal "get acquainted" gifts to promote improvement loans, financing for new cars, vacations and other special services. Hand-imprinted plastic bottle caps will get your advertising message read in homes every day for three years for only pennies! Each fine cap easily snaps on and off soda and soft drink bottles, keeping drinks fresh and air-tight! Your bank's name, trade-mark or advertising is hand-imprinted in gold on each cap. Caps come in 6 colors: red, green, blue, yellow, white and black. Sold in bulk or packed 2 to a clear plastic gift envelope.

FREE SAMPLES! Write NOW for prices and samples of advertising caps ordered by leading banks whose constant stream of re-orders proves beyond all doubt that these caps are the finest type of business reminder advertising used widely in the banking profession today.

★ HEMAN ELY, JR. ★

DEPT. BC, P. O. BOX 62, LANCASTER, PENNA.

Competition Viewed at MBA Conference

SPEAKERS and panels at the Missouri Bankers Association's Bank Management Conference, January 27-29, Columbia, Mo., ranged from the competitive position of the banker with both the consumer and stockholder, to panel predictions on the Government bond market. A few highlights of a key speech follow:

MBA President Counsels: More Services and Charges

Banks had better do a better job of adapting their services to meet consumer demand, advised Sam Cook, MBA president and vice-president at Central Missouri Trust Co., Jefferson City. If they do, banking can be another of the growth industries. If they don't, increased demand from the consumer for expanded bank services will be met by other financial institutions.

Capital funds, however, are required to margin this growth, and stockholders who supply these funds want a return on investment comparable to what they could get in size, stability and safety from other industry. Missouri banks' stockholder returns average 8.9% over the last years, compared with a 14% average among other industries.

Adequate pricing is the answer, said Mr. Cook. Although 90% of gross bank earnings come from loan and investment interest, the interest rates are based on monetary policy, not costs. An A.B.A.-analyzed cost report on 187 Missouri banks is being compiled presently, he said, which will make available to those banks complete individual reports on themselves plus an overall comprehensive on all participants.

Effective Speaking Booklet Now Available

By popular demand, **BANKING'S** Effective Speaking has been reprinted, and is again available to members in any quantity at 50 cents per copy.

This 40-page pocket booklet tells how to organize a speech; how to hold attention; and among other things, how to avoid stage fright.

Write to **BANKING'S** circulation department for this manual.

PHARMACEUTICAL PRODUCTS FOR
THE MEDICAL PROFESSION SINCE 1888



Laboratories

The Board of Directors has declared the following quarterly dividends, payable April 1, 1959, to shareholders of record March 4, 1959.

- 45 cents a share on Common Shares.
- \$1.00 a share on Preferred Shares.



Consecutive Quarterly Dividend

February 18, 1959 / North Chicago, Illinois

AIR REDUCTION

Company Incorporated



167th CONSECUTIVE

COMMON STOCK DIVIDEND

The Board of Directors has declared a regular quarterly dividend of $62\frac{1}{4}$ ¢ per share on the Common Stock of the Company, payable on March 5, 1959 to holders of record on February 18, 1959, and the twenty-ninth regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable on March 5, 1959 to holders of record on February 18, 1959.

January 28, 1959

T. S. O'BRIEN, Secretary

DO YOU NEED MODERN COVERS Machine or Hand Posting PASSBOOKS?

Our designers will create special covers to meet your requirements. Without obligation submit your present passbooks for special redesigns and quotations.

WILLIAM EXLINE INC.

1270 Ontario Street • Cleveland 13, Ohio

Get more out of . . .

BANKING

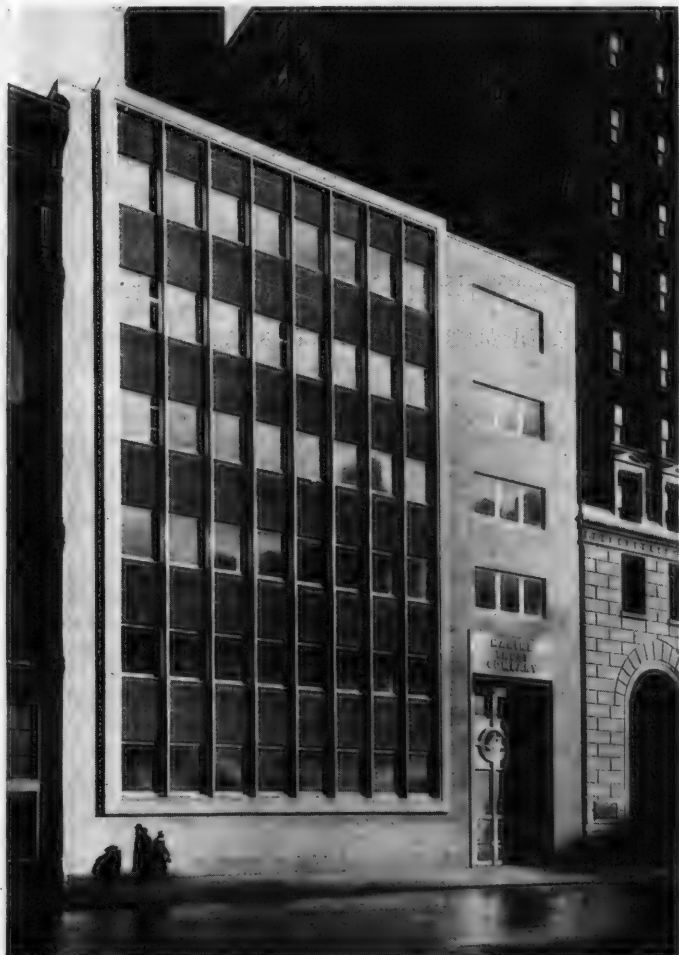
. . . at home!

Reading **BANKING** at home is like looking in on a banker's conference without leaving your favorite armchair. \$5.00 per year

American Bankers Association

12 E. 36th Street—New York 16, N. Y.

The Marine Trust Company of Western New York uses many



The Marine Trust Company's new administration building in Buffalo.

The Marine Trust Company of Western New York with its sixty-two offices in Buffalo and the western part of the State of New York uses more than 300 Brandt Automatic Cashiers.

Their first Brandt was purchased in the year 1907 and machines have been added over the years as required by the growth of this large banking institution.

With the aid of Brandts, tellers of The Marine Trust Company provide customers with speedy, absolutely accurate coin paying service.

BRANDT AUTOMATIC CASHIERS

Below is a view of a section of the tellers' working area of the Depew, New York, office of The Marine Trust Company showing several Model 250 Brandt Automatic Cashiers (coin paying machines). Each machine is equipped with a chute down which coins are delivered, upon the depression of a key, into a cup from where they are readily removed by customers.



Cup, at end of delivery chute of Model 250 Brandt, located outside of counter barrier.

BRANDT AUTOMATIC CASHIER COMPANY
W A T E R T O W N

Established 1890
Brandt® Cashier®

W I S C O N S I N

Main Street

(CONTINUED FROM PAGE 37)

C. W. ROBINSON becomes president, First National Bank of Sayreville, N. J., succeeding EDWIN F. LOCKHART, who becomes board chairman.

JAMES S. GILBERT, from cashier to vice-president, Boynton Beach (Fla.) State Bank.

LEONARD F. RAMBERG, from assistant vice-president to vice-presi-

dent, Northwestern National Bank of Minneapolis, Minn.

CHARLES B. PRESLEY, from assistant vice-president to vice-president; D. D. BARNARD, JR., from assistant cashier to assistant vice-president, Georgia Railroad Bank and Trust Company, Augusta; E. B. REVILLE, JR., from assistant cashier to assistant vice-president; L. W. LANEY, from manager, credit department, to assistant vice-president.

HENRY M. KIME, from assistant

vice-president to cashier, First National Bank of San Jose, Calif.


C. G. BROWN, from assistant vice-president to vice-president, National Bank of Commerce, Norfolk, Va.

FRANK L. BEACH, from vice-president, United States National Bank of Portland, Oreg., to director of banking and finance division, Lawrence B. Taylor, Inc., Burlingame, Calif.

WILLIAM F. CARROLL, from assistant vice-president to vice-president, First National Bank of Lafayette, La.; LOUIS M. DELHOMME, from assistant vice-president to vice-president.

JOSEPH H. BATEMAN, treasurer, goes from secretary to executive vice-president at Dime Savings Bank, Wallingford, Conn.

HAROLD L. HARSCH, vice-president and cashier, retires from First National Bank of Peoria, Ill., after more than 50 years of banking; CARL P. HESSING, assistant vice-president, becomes cashier.




PROBLEMS

In Washington?

When you have a problem in the Nation's Capital that requires prompt action, call on American Security. We will be happy to serve you.

American Security
& TRUST COMPANY



Washington, D. C.

Member Federal Deposit Insurance Corporation—Member Federal Reserve System



X-acto® Refill Blade OFFICE KNIVES

X-acto knives handle just like pencils and, with the wide variety of replaceable blade shapes available, are the most versatile of all office tools.

Use X-acto Knives
for corrections on spirit-type duplicating masters, magazine and newspaper clipping, erasures, paste-ups, sharpening crayons and pencils.

SPECIAL OFFER!

Safety-Guard knife* and assortment of blades. Sleeve completely covers blade when not in use.

Special Price
\$1.00 complete.

open closed

*Pat. Pending

HANDICRAFT TOOLS, INC. a division of X-ACTO, INC. 48-41Z Van Dam St., L.I.C. 1, N. Y.

12th District IBA Seminar Set for March 19 & 20

THE second Bank Presidents and Senior Officers Policy Seminar to be sponsored by the Independent Bankers Association of the 12th Federal Reserve District is set for March 19 and 20, St. Francis Hotel, San Francisco.

Fay C. Packard, president, Springville (Utah) Banking Co., and president of the association, has announced that a seminar committee, chaired by Ralph V. Arnold, president, First National Bank of Ontario, Calif., has prepared a program of panels, group discussions, and speeches geared to the planning, policies, and progress of the independent bank.

Members have been urged to send in samples of current advertising, some of which will be analyzed in-cognito at a Friday morning session by Alfred E. Smith, vice-president, Honig, Cooper, Harrington, and Miner Advertising Agency, San Francisco.

HARRY P. BURKE, cashier, also becomes vice-president, First National Bank of Chicago, Ill.

W. E. McLAUGHLIN becomes assistant to president, Royal Bank of Canada, Montreal.

ARTHUR WILHARM, vice-president, Fidelity Trust Company, Pittsburgh, Pa., retires after 56 years with that bank.

J. R. PURSELL, JR., from executive vice-president to president, Brookline Savings and Trust Company, Pittsburgh, Pa., succeeding **JOSEPH F. MOORE**, who becomes board chairman.

SIDNEY J. WHITE, from assistant vice-president to cashier, First National Bank of Englewood, Colo.

EDWARD A. BIRCHER, vice-president, **RAYMOND C. HAMM**, assistant secretary, and **ALFRED V. MAYER**, treasurer, all retire after over 50 years of service each at Manufacturers Bank and Trust, St. Louis, Mo.

JACK CRADDOCK, assistant director of public relations and advertising, First National Bank in Dallas, Tex., becomes director of public relations, National Association of Bank Auditors and Comptrollers.

E. P. CRAVENS, board chairman, Capital National Bank, Austin Tex., retires but continues as consultant; **LEO KUHN**, vice-president and cashier retires; **P. V. HICKMAN**, in operations department, retires.

RALPH D. STANDISH, who retired from the National City Bank of New York in 1954, goes from head of state monetary agency in Saudi Arabia to acting president, West Indies Bank and Trust Company, Charlotte Amalie, St. Thomas, V. I., succeeding **MORRIS F. DECASTRO** who resigns to return to government service.

Five promotions at Merchants National Bank of Chicago: **LESLIE V. MILLER**, **ROBERT C. REULE**, from assistant vice-presidents to vice-presidents; **EDWIN J. GORANSON** and **ROBERT O. POHL** become assistant cashiers; **GLEN R. REIMAN** becomes assistant controller.

Do You Have Customers Requiring Special Financing?

When you have clients whose requirements are beyond your loaning policy our service can help them get additional working capital. It is important to small business. Proper financing makes business better. The lack of finances or ready cash often stands in the way of progress and more profit.

Financing organizations give consideration to:

TERM LOANS—LOANS AGAINST RECEIVABLES
—COLLATERAL LOANS—CHattel MORTGAGE
LOANS—PURCHASE AND LEASE-BACK OF EQUIP-
MENT—REAL ESTATE LOANS—FACTORING OF
ACCOUNTS RECEIVABLE—INVENTORY LOANS
—REDISCOUNT OF INSTALLMENT PAPER AND
MISCELLANEOUS SECURED ADVANCES.

We provide lending institutions necessary data on loan applicants and their requirements. New investment equity capital is an asset to your community economy. We help the small businessman who has the character, integrity and assets to warrant such help, find the financial institution best fitted to his individual needs.



**NORTH AMERICAN
ASSOCIATES, Inc.**

Executive Office
216 North Wabash Avenue
Chicago 1, Illinois

now!
FIRST AUTOMATIC
CHECK PERFORATOR
 cancels all checks
 permanently



Another Cummins First!

The NEW Cansamatic automatically feeds, cancels, and stacks in sequence —400 checks a minute.

Now you can permanently cancel ALL checks... the new Cansamatic holes permit further automatic processing of either punch card or magnetically coded checks... the clean-cut perforation is confined to 3 tabulating columns.

Permanently cancel ALL checks for 100% protection for you and your depositors!

For full facts, write for illustrated new booklet on CANSAMATIC.

Cummins
 Cummins-Chicago Corporation
 4740 North Ravenswood Avenue, Chicago 40, Illinois

LAKE SHORE NATIONAL BANK, Chicago, Ill., completes 15-month renovation, holds open house, makes full-page ROP color newspaper announcement.

SEATTLE-FIRST NATIONAL BANK announces three prospective new branches: one on East Marginal Way, Seattle, one in Tukwila, one in Lake Hills.

MIDLAND NATIONAL BANK of Minneapolis, Minn., celebrates 50th anniversary, featuring displays of area's business firms and organizations plans for future. First display: 23 ft.-long architect's model of expansion project of Minneapolis-St. Paul International airport.

FIRST STATE BANK OF MILWAUKIE, Oreg., on 50th anniversary, holds open house, offers coffee, cake, brochures to customers.

FIRST NATIONAL BANK OF MIAMI, Fla., opens new block-long 18-story bank building, with 27 teller windows, 12 drive-in windows. Multi-level parking garage; interior, decorated by N. Y. firm Knoll Associates, Inc., features in block-long lobby, flood-lighted screens of brass and steel "trees," designed by artist Harry Bertola.

Texas Banker Slated For Rotary Int'l Presidency



J. Edd McLaughlin, president, Ralls (Tex.) Security State Bank and Trust Company, reads a telegram congratulating him on his nomination for the 1960-61 presidency of Rotary International. Mr. McLaughlin's wife, Pearl, looks on.

New Accounts Easy to get with the aid of

VISABANK



Visabank works right in the home—all day, every day. Made of clear plastic—you actually see the savings grow. It's the nickels, dimes and quarters saved today that become big accounts tomorrow.

Your Bank's name is stamped in gold on front of Visabank. Your ad message covers the back. Visabank is self-liquidating—write for information.

Some Good Territories Open for Representation.

PATENTED PLASTICS, INC.

2168E West 25th Street

Cleveland 13, Ohio

Sign 'em up with STEELMARK

... build your home improvement loan business!

In the March 30 issue of LIFE magazine, U. S. Steel will remind 32,000,000 Americans—many of them in your community—that now is the time to modernize their homes . . . and that the best way to do it is with stylish, modern products of *steel*, identified by the STEELMARK tag. Home improvement products will also be featured in U. S. Steel ads in *The Saturday Evening Post*, and in TV commercials on the *U. S. Steel Hour* and *Arthur Godfrey Time*.

YOU CAN TIE-IN

The STEELMARK Home Improvement Newspaper Service, prepared by U. S. Steel, enables you to tie-in directly with this promotion. It contains ready-to-use ads and ad ideas that urge the public to finance home improvements through *you* . . . and it puts the full force of the STEELMARK selling symbol behind you!

ALL TRADES, RETAILERS PARTICIPATING

Plumbing and heating contractors, general contractors, lumber and building materials dealers, hardware and department stores, kitchen and appliance dealers—they're all taking part in this nationwide promotion. You'll be seeing STEELMARK displays in their stores and their STEELMARK ads in the local papers . . . and remember, as they build new business for themselves, they're building new business for you!

CONTACT YOUR LOCAL PAPERS

The STEELMARK Home Improvement Newspaper Service is already in the hands of your local newspapers. Contact them now, to find out how you can participate in this profit-building home improvement promotion.



TRADEMARK

United States Steel

Main Street (Continued)

MEADOWBROOK NATIONAL BANK, L. I., N. Y., announces three new offices set for spring and fall openings: one each in the towns of Great Neck, Albertson, and Jericho.

COMMUNITY NATIONAL BANK of Buttonwillow, Calif., opens new Lake Isabella branch in Kernville.

ATTLEBORO (Mass.) TRUST COMPANY opens its new twin-lobby quarters.

FIRST NATIONAL CITY BANK OF NEW YORK (SOUTH AFRICA) LTD., opens in Johannesburg.

CROCKER-ANGLO NATIONAL BANK, San Francisco, opens two new Sacramento offices; one is located in Taylor's Centre, the other in Arden Plaza.

NATIONAL BANK OF DETROIT, Mich., opens new Mound Road building with drive-in and parking facilities.

AMERICAN TRUST COMPANY, San

Francisco, starts work on round one-story bank with glass walls, to be located in garden park in a canyon of skyscrapers at Market and Sansome streets. Target date: mid-1959.

WILMINGTON (Del.) TRUST Co. merges with FIRST NATIONAL BANK AND TRUST Co., Milford, and SEAFORD TRUST Co., extending WILMINGTON TRUST into other than the northern part of the state.

DENVER (Colo.) NATIONAL BANK and the UNITED STATES NATIONAL BANK OF DENVER merge, become DENVER UNITED STATES NATIONAL BANK.

FARMERS STATE BANK, Jonesboro, Ark., merges into CITIZENS BANK OF JONESBORO.

FIRST NATIONAL BANK in Fairbury, Ill., merges into FARMERS NATIONAL BANK OF FAIRBURY and is closed. FARMERS NATIONAL becomes NATIONAL BANK OF FAIRBURY.

The DOLORES (Colo.) STATE BANK, a new A.B.A. member, opens for business; deposits after two weeks totaled \$25,000,000.

FIRST NATIONAL BANK OF HERKIMER, N. Y., merges with FARMERS NATIONAL BANK AND TRUST COMPANY, Rome. New name: MARINE MIDLAND TRUST COMPANY OF MOHAWK VALLEY.

FARMERS AND MERCHANTS BANK COMPANY, Carroll, Ohio, merges into FARMERS AND CITIZENS BANK.

NATIONAL BANK OF ODESSA, Tex., holds formal opening ceremonies.

NORTHEASTERN PENNSYLVANIA NATIONAL BANK AND TRUST COMPANY opens new 3-story extension of its downtown Scranton, Pa., office.

FARMERS BANK OF THE STATE OF DELAWARE opens branch on University of Delaware campus.

COUNTY TRUST COMPANY opens its second Mamaroneck, N. Y. office.

BANK OF AMERICA opens representative office in Chicago.

MECHANICS NATIONAL BANK of BURLINGTON, N. J., opens branch on Rt. 130.

Over 50 years . . .

BONDS FOR BANK INVESTING

Our experience in serving bank security buyers reflects over half a century of specialization in the underwriting and distribution of debt obligations *exclusively*—the issues of well established corporations and railroads and the quality tax-exempt bonds of states, municipalities, authorities and governmental entities. Send without obligation for our latest offering list.

HALSEY, STUART & CO. Inc.

123 SOUTH LA SALLE STREET, CHICAGO 90 • 35 WALL STREET, NEW YORK 5
AND OTHER PRINCIPAL CITIES

New Books

ADDRESSES ON INDUSTRIAL RELATIONS. Bureau of Industrial Relations, University of Michigan, Ann Arbor. \$4.50. Most of the 15 papers in this collection were presented in 1957-58 at conferences of business executives in Michigan industrial centers; two were given before alumni, faculty and students of the School of Business Administration at Michigan. One of the latter discussions was "The Business of Management," by Joseph M. Dodge, chairman of The Detroit Bank and Trust Company.

INVESTMENTS FOR PROFESSIONAL PEOPLE. By Robert U. Cooper. Macmillan, New York. 342 pp. \$4.95. A revised edition of a book by a surgeon, first published in 1951. He writes about types of investments, advantages and disadvantages of each, income taxes, disposal of estates, and investment programs. There's a chapter on utilization of banking facilities.

POLICY AGAINST INFLATION. By R. F. Harrod. St. Martin's Press, New York. 257 pp. \$4.75. A Briton discusses the gold standard, managed currency, Keynes' ideas, sterling balances, the 1949 devaluation of sterling, fundamental principles of policy, and other matters affecting Britain.

FISCAL POLICY AND POLITICS. By Paul J. Strayer. Harper, New York. 305 pp. \$4. Professor Strayer of Princeton offers a factual and chronological analysis of governmental actions and policies over the past 30 years. Emphasis is on "the limitations of the power of government." The growing power of pressure groups to act for themselves is, he finds, one of the day's greatest dangers.

CREDIT MANUAL OF COMMERCIAL LAWS, 1959 EDITION. National Association of Credit Men, New York. 752 pages. \$12. New features in this annual are a glossary of legal terminology and tables of state laws on motor vehicle owners' financial responsibility and related statutes. The manual condenses, in layman's language, national and state laws on credits.

DO MARCH WINDS MAKE YOU THINK OF FLORIDA?

The Barnett's 82 years of Florida banking experience can be made quickly available to meet your customers' problems. We can help you with Florida facts and figures that are borne out by our intimate knowledge of our State's financial structures. The information is yours for the asking—just address our "Florida Information Desk".



The BARNETT NATIONAL BANK
of Jacksonville
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Head Office: Medellin, Colombia, South America
with 49 Branch Offices in Colombia

Cable address for all offices—Bancoquia

Reliable and responsible commercial and financial information supplied by the Banco Comercial Antioqueño is supported by our 46 years' experience in growing with Colombia, and the complete facilities of our 50 offices located in every important commercial market of the country.

We invite your inquiries.

Antonio Derka, General Manager

| | |
|-----------------|---------------------------------|
| Capital paid-up | \$30,000,000 — Pesos Colombian. |
| Legal reserves | \$33,044,000 — Pesos Colombian. |
| Other reserves | \$ 6,590,000 — Pesos Colombian. |

IF YOU DON'T HAVE
A PERSONAL SUBSCRIPTION
TO **BANKING**, SUBSCRIBE
RIGHT NOW TO THE
MAGAZINE THAT TELLS
YOU WHAT'S GOING ON
IN YOUR FIELD
\$5 PER YEAR

NEW ACCOUNTS result from our new modern **SCHOOL SAVINGS PROGRAM** Write to

EDUCATIONAL THRIFT SERVICE
at its most
22 PARK PLACE NEW YORK 7, N.Y.

Auditor's Job

(CONTINUED FROM PAGE 46)

maximum benefits from the computer, an enlargement of the capabilities and worth of the auditor, and the most economical and efficient results to the entire organization and for the benefit of management.

It should be borne in mind when programing audit trails in computer operations that vast quantities of data may be quickly available because of electronic speeds and the nature of magnetic tape or core stor-

age. Despite the fact that it is easy to record information in such a fashion, it may be extremely costly and cumbersome to print it out with any degree of frequency in hard copy form. To eliminate this, the recognition of the audit requirements during the programing stage will result in the establishment of audit trails at a minimum cost and with the least impairment to the over-all operation. For this reason, the development of the audit procedures and techniques should be instituted with the initial programing of the computer rather than postponed,

with the resultant revisions that such a postponement may entail. Auditing procedures will be greatly simplified and facilitated if proper controls have been established from the outset.

Points of Control

The most satisfactory audit program under a computer operation will involve control of the initiation of the accounting data or source document. Separated from this, but equally well controlled, will be the processing and accumulating of the data. Yet another final and distinct phase will be control over the ultimate recording and review of the data produced by the equipment.

It should be borne in mind that the net results to be obtained from proper audit and controls under a computer operation do not differ basically from the results anticipated under manual or other machine accounting techniques. The proof and validation of individual transactions, together with the certification of the end product, are still the primary results to be anticipated from the auditor.

Evaluate Constantly

While certain adjustments must be made in audit procedures to accommodate the maximum capabilities of the equipment, the end result is the same. To obtain these results, we must first control the source documents.

Following this, a summary knowledge of programing techniques and the introduction of audit trails into the programs to assure the accuracy of the results become mandatory.

As an added responsibility, the auditors can make continuous evaluations of the effectiveness of computer accounting and, in turn, expand its application where such an expansion is feasible and economically justified.

FUN AND FUNDS

Our banks today are cheerful spots,
Delightful, trim and smart,
With soothing music to enchant,
And walls of modern art;
A most congenial atmosphere,
Refreshing, calm and sunny,
To make it seem less painful when
We're drawing out our money.

Stephen Schlitzer

BANKING



How would you, personally, collect bills? Would you mail letters? Knock on doors? Get tough?

Why not try a painless, no-cost experiment. Call your local American Collectors Association representative and ask to have a man sent over. Talk to him. Ask questions. This man is a professional—impersonal and persevering as a policeman, yet filled with the dignity of jobs well done. He even guarantees his services. Either he collects or it doesn't cost you a cent.

Hire an ACA collector to salvage your investment—both in dollars and in public relations. You'll find ACA phone numbers listed in the Yellow Pages. Or write for complete information and a list of offices.

AMERICAN COLLECTORS ASSOCIATION, INC.

5011 Ewing Ave. So., Minneapolis 10, Minn.

A CONTINENTWIDE ASSOCIATION OF BONDED COLLECTION AGENCIES

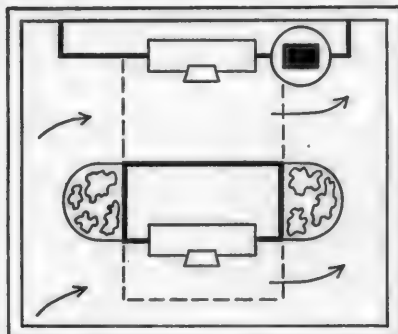


How the Trust Company of Georgia does its

drive-in banking day and night



Day-and-night-depository is located in drive-in lane closest to bank. After-hour customers can drive right up. Note how depository is positioned for easy access by both drive-in and walk-up customers.



"It was one of those simple, obvious things so often overlooked", says Mr. Steve H. Bomar, Vice President of Atlanta's Trust Company of Georgia. "In our main bank, night depository customers had to park their cars and then walk to the night depository. When we built our new West End Branch, our architects, Abreu and Robeson Inc., and our Mosler representative suggested a night depository be located *next* to one of the drive-in windows. Now, an after-hours customer can drive right up to make a deposit.

This convenience, like all the conveniences of drive-in banking are no longer luxuries. Our customers demand them...so we supply them to stay competitive. As a matter of fact...drive-in banking has appreciably increased our business."

Problem solving—a Mosler specialty

From the largest vaults to the smallest safe deposit boxes, Mosler design and manufacturing experience are at your service. Mosler is the world's largest builder of safes, vaults and banking equipment.

Write for Mosler's "AUTO-BANKING IDEA BOOK" and information on any kind of banking equipment.

*Integrated
banking equipment
by*

The Mosler Safe Co.

*Dept. B-359,
320 Fifth Avenue
New York 1, N.Y.*

Housing and Mortgages

(CONTINUED FROM PAGE 102)

◆ The home building industry must have a sustained, uninterrupted, adequate volume of capital at the lowest rates at which such funds will flow in sufficient volume to permit housing production to move steadily and smoothly ahead in the years to come.

◆ By nature, the builder is an optimist. . . . As a group bankers are more conservative than the builders . . . A blending of the traits of the builder and banker can produce benefits for both and, more importantly, for the community in which they live. To reach the proper blend, however, there must be understanding between the two.

◆ Of equal importance is the fact

that he also expects from his banker a sympathetic understanding of his business, of his problems, and of the role of home building in the community where they both live.

◆ A banker should have a full and complete knowledge of the role that housing and the home builder play in the community's economic health.

◆ The banker, a leading citizen of his community, a man whose opinions and judgment are respected, should be aware of his community's needs and future needs. He should be aware of his community's responsibilities and the responsibilities of the home builder in finding the ways and means to fulfill these needs.

◆ I should like to recommend that, as bankers, you would do well to keep generally abreast of the developments that research is generating in the housing field. . . . Research has demonstrated that it is feasible to build an exterior wall of only five field-applied layers, including three coats of exterior paint!

◆ Some builders, further advanced than others, can now build houses in 12 to 14 working days, not including slab or foundation. This is only the beginning. The production of houses on a 5- to 8-day schedule is just around the corner.

New Housing Starts

THE new permanent nonfarm dwelling units started in January declined 5% from December, but were 27% above January 1958, according to estimates by the U.S. Bureau of Labor Statistics.

The January total of 86,000 units, which included 2,700 public units, compared with 91,000 units in December.

The seasonally adjusted annual rate of private housing starts, based upon the January total, is 1,350,000, according to the Bureau release.

Construction in January

NEW construction activity in January declined to \$3.7-billion—just about seasonally—but exceeded the previous record high for that month set in 1958, reports the U.S. Departments of Commerce and Labor.

Both private and public construction expenditures contributed strongly to a 10% rise over January 1958. Private outlays, at \$2.6-billion, were 8% above January 1958.

BANKING



Habib Bank Limited

ESTABLISHED 1941

Head Office:—KARACHI (PAKISTAN).

| | |
|-----------------------------|-----------------------|
| Authorized Capital | Pak Rs. 40,000,000/- |
| Issued & Subscribed Capital | Pak Rs. 20,000,000/- |
| Paid-up Capital | Pak Rs. 20,000,000/- |
| Reserve Funds | Pak Rs. 20,000,000/- |
| Deposits as on 31-12-1958 | Pak Rs. 704,800,000/- |

With a network of 82 branches in all the important trade centres of East and West Pakistan, Habib Bank Limited is in a position to assist those desiring to establish contacts for exports or imports. The Bank's services are always available for any banking requirements in Pakistan. The Bank is fully competent to handle all foreign exchange business including opening and advising of commercial letters of credit, collection of documentary bills, remittances, etc.

FOREIGN BRANCH BOMBAY (INDIA).

Habib Bank (Overseas) Limited,
Head Office:—KARACHI. (PAKISTAN)

Branches:—1. Aden 2. Colombo 3. Mombasa & 4. Rangoon.
Correspondents and agents in all important cities of the world.



BRANCHES IN
PRINCIPAL CITIES

MOBRO

LIQUIDATES MOBILEHOMES FOR BANKS and FINANCE COMPANIES

Communicate direct with nearest location, or General Office:
104 East Fifth St., Kansas City 6, Mo., Phone Baltimore
1-7721, for full information.

If you must liquidate a mobilehome, within reach of one of
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BANKING

Financial Ratios

(CONTINUED FROM PAGE 61)

[from customers] suddenly decrease, certain orders on the books are cancelled and for business reasons the cancellations are accepted, or, if expected orders fail to materialize, the inventory accumulates rapidly.

There is a real fundamental question as to whether it is good business or poor business to overtrade, that is, to handle a greatly excessive volume of sales, based on the net working capital. . . . The one ratio which will give an indication as to whether an inventory is heavy or not, *irrespective of the volume of business,** is this ratio. It is an important, pertinent guide and one which has received increased, deserved recognition from management executives in recent years.

To close this discussion on a positive note, let's look at case 4 where the ratio of inventory to net working capital was highly unsatisfactory and see how this condition, though still heavy at last statement date, reflected gradual improvement.

Note that the ratio of inventory to net working capital declined from 513% on January 31, 1956, to 310% on January 31, 1957, and to 206% on January 31, 1958. Principal corporate debt consists of notes payable to others, representing stockholders' advances for working capital needs. Business is relatively new and is showing rapid sales progress. Ratio of profit to sales is still far below normal, but improving.

*Italics ours. When a concern overtrades, the ratio of net sales to inventory may be satisfactory; not so the ratio of inventory to net working capital.

CASE 4

| | Jan. 31, 1956 | Jan. 31, 1957 | Jan. 31, 1958 |
|---------------------------------------|----------------|----------------|----------------|
| Cash..... | \$1,000 | \$3,000 | \$3,000 |
| Accounts receivable..... | 51,000 | 82,000 | 100,000 |
| Inventory..... | 164,000 | 127,000 | 105,000 |
| TOTAL CURRENT ASSETS..... | 216,000 | 212,000 | 208,000 |
| Fixed assets—net..... | 2,000 | 2,000 | 3,000 |
| Prepaid expenses..... | 1,000 | 1,000 | 2,000 |
| TOTAL ASSETS..... | 219,000 | 215,000 | 213,000 |
| Due banks..... | 6,000 | — | — |
| Accounts payable..... | 24,000 | 32,000 | 20,000 |
| Taxes..... | 2,000 | 5,000 | 6,000 |
| Accrued expenses..... | 6,000 | 4,000 | 6,000 |
| Notes payable—others..... | 146,000 | 130,000 | 125,000 |
| TOTAL CURRENT LIABILITIES..... | 184,000 | 171,000 | 157,000 |
| Common stock..... | 30,000 | 30,000 | 30,000 |
| Earned surplus..... | 5,000 | 14,000 | 26,000 |
| TOTAL LIABILITIES..... | 219,000 | 215,000 | 213,000 |
| NET WORKING CAPITAL..... | 32,000 | 41,000 | 51,000 |
| CURRENT RATIO..... | 1.17 | 1.24 | 1.32 |
| TANGIBLE NET WORTH..... | 35,000 | 44,000 | 56,000 |
| Net sales..... | 450,000 | 706,000 | 851,000 |
| Net profit..... | 3,000 | 9,000 | 12,000 |
| Dividends..... | — | — | — |

(Figures are rounded to the nearest thousand for quick reading.)

FOURTEEN important ratios for 72 lines, including 24 wholesale lines, are published annually by Dun & Bradstreet. The three ratios cited in this article are among those for which representative figures are compiled annually. The following table gives medians and

(CONTINUED ON PAGE 138)

**Are you certain
no holes exist
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Insurance Companies

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A loophole can lead to a loss, and so it makes good sense to safeguard your bank's financial resources with Bankers Blanket Bonds created by National Surety Corporation—a company backed by the *Fund of Experience*. Talk to your independent agent or broker. Ask him to explain the many advantages you gain by bonding through National Surety Corporation.

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Bank Recruitment of College Graduates

MANAGEMENT of banks of all types, sizes, and locations should be interested in reviewing tested methods of meeting the competition of 5,000 other employers who are actively recruiting college graduates.

In response to interest in the recruitment of college-trained people expressed by thousands of banks

across the country, the Committee on Executive Development of the American Bankers Association has completed a new booklet, *Employing College Students*. The four sections of the 56-page booklet are particularly valuable to smaller banks which would like to start campus or off-campus contact programs in order to recruit for their staffs college

graduates who may be trained as potential management-replacements. The experience of larger banks which have recruited college graduates and maintained well developed training programs, in all sections of the country, has been drawn upon by the committee for this booklet. It also contains much information by Dr. Frank S. Endicott, who is director of placement, Northwestern University, Evanston, Ill., about the progress of college graduates in banking, as well as excerpts from his 1959 survey of 205 well known business and industrial concerns.

Purposes

In a foreword to the booklet, the committee lists these five purposes to its publication:

- (1) To offer suggestions and criticism to banks already active in campus recruitment;
- (2) To help banks which are relatively inactive but are considering greater participation in campus recruitment;
- (3) To offer suggestions to thousands of banks—mainly "smaller" ones—who need college-level people but for whom off-campus rather than on-campus recruiting is feasible;
- (4) To supply college placement officers and counselors with a broader knowledge of banking and its opportunities for their students;
- (5) To bring Dr. Endicott's significant study, comparing the progress of college graduates in banking to that of those in other business, to broader attention.

The first three sections of the booklet cover college recruiting per se—its growth and importance; the bank's competitors in that area; student attitudes toward jobs and banking; and, how to go about developing a recruitment program—10 pages leading step-by-step from preliminary plans through follow-up procedures in on-campus and off-campus recruitment programs.

Considered most valuable to bank management are the booklet's five appendices:

(A) Excerpts from the 1959 report on a survey of 205 Well Known Business and Industrial Concerns, by Dr. Endicott;

When you look Southwest,

focus on **ARIZONA!**



THE
NATION'S
FASTEST
GROWING
ECONOMY

| | 1947 | 1957 |
|----------------------|---------------|-----------------|
| Manufacturing Output | \$117,000,000 | \$ 460,000,000* |
| Personal Income | 749,000,000 | 1,988,000,000 |
| Retail Sales | 649,000,000 | 1,473,165,000 |
| Life Ins. in Force | 457,000,000 | 2,139,000,000 |

*Light, clean, technical industry—the kind we welcome—has "discovered" Arizona to the extent that in 1957 Manufacturing ranked *first* among our major sources of income.

While we can hardly lay claim to being an "industrial state," a simple projection of our past ten-year growth makes for *very* interesting speculation!

Carl A. Binson
President



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"Arizona's Bank" Resources Over \$1½ Billion

(B) Review of material available to banks through the A.B.A. executive development program;

(C) Results of Dr. Endicott's 1957 survey of employment problems and salaries in 196 American banks, sponsored by the A.B.A. Committee on Executive Development. This study's purpose was to determine the extent to which banks are selecting, training, and promoting to executive positions men who come out of our colleges and universities.

(D) Excerpts from a study on fringe benefits prepared by the U. S. Chamber of Commerce Economic Research Department.

(E) Excerpts from a statement on principles and practices of college recruiting issued jointly by the College Placement Council, Inc., and the U. S. Chamber of Commerce.

Facts and Figures From Appendix C

Average monthly starting salaries for college men from the 1957 graduating classes were:

| | |
|-----------------------------------|------------|
| Banks under \$100,000,000 | \$327 |
| Banks from \$100 to \$200,000,000 | 328 |
| Banks from \$200 to \$500,000,000 | 341 |
| Banks over \$500,000,000 | 373 |

As another contrast, in the 47 banks in the study with deposits of under \$100,000,000, 6.1% of the personnel were college graduates; 25 of the presidents were college graduates, as were 90 of the total 247 vice-presidents, or 36%; 5 banks planned to contact a total of 9 colleges for recruiting purposes in the coming year, and had contacted a total of 5 during the past year. Among the 17 banks reporting with deposits over \$1-billion, 6.6% of the personnel were college graduates; 16 of the 17 presidents were also; 55% of the vice-presidents were college grads; and of the 15 planning to hire college men during the coming year, 14 were going to contact colleges; the number of colleges to be contacted totaled 356, and the number contacted the previous year had been 334.

William Powers, a senior deputy manager at the American Bankers Association, is secretary and Dr. Endicott is advisor to the Committee.

One copy of the booklet is free on request to A.B.A. member banks and college placement officers and counselors if requested before April 30. Additional copies, or copies requested after April 30, are \$1 each.



It couldn't happen to you? Don't be too sure. Holdups are averaging better than one a day in financial institutions all across the country.

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First step: call our agent in your community. He'll be glad to arrange for this important survey.

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WHAT'S NEW

MADE of durable, colored plastic, GP Pen, a new automated tool for applying narrow line tapes on charts or layouts, has been introduced by the Labelon Tape Company, Inc., Rochester, N. Y. Permits fast, accurate placing of lines



on charts, layouts, and graphs, without the annoyance of smudged ink lines or any irregularities. The GP Pen is pencil-size, easy to use, and light in weight. Outstanding feature is the cutting bar which enables the chartist automatically to cut off the tape at a desired point on the chart or graph. Labelon's narrow-line tapes ranging in size from $\frac{1}{8}$ " down to $\frac{1}{64}$ " wide are available in 10 distinct patterns and in a choice of 14 solid colors.

NEW fully visible, hands free, personal card file called Flipdex is being manufactured by Flipdex of Peekskill, N. Y. For phone or wall mounting. Does not interfere with normal use of phone hand piece. Tips out of way leaving both hands free. No fasteners, no tools required—rubber mount is just pressed on, easily removed. Cards can't get lost or out of order even if file is dropped, yet new cards slip in or out wherever you need them. Takes cards 3" wide by 2" high, both sides usable. For further information write company at 1000 North Division Street.

MAILROOM problems caused by bulging-full envelopes can be eliminated through the use of a recently developed moistureless envelope closure. "Tough 'n Seal" a latex gum applied to the seal flap and back of the envelope, welds immediately when the two wide latex strips are pressed together. Users report time and labor saving of 20% or more through use of these new envelopes. Samples may be obtained by writing the Tension Envelope Corporation, Suite 522, 19th and Campbell, Kansas City 8, Mo.

SOMETHING new for the high-tensioned executive has been launched in companion office chairs; one a swivel and the other a desk chair by Niagara Therapy Corporation of Adamsville, Pa. Both chairs are constructed with a cyclo massage motor and a thermo element designed to provide maximum relaxation. Control panel, regulating heat and massage, is built unobtrusively into the



base of one side of each chair. Chairs are available in leather or naugahyde covering in a wide range of colors.

THIS electrical combination lock is pick-proof and burglar-proof. Needs no keys, has no tumblers. Only by rotating the dial knob in the proper

sequence of numbers can anyone open lock. Can be installed singly or in a series by simply connecting with present electrical system. Available in three finishes. For complete information write: Max-A-Loc, Inc., 9920 Rush Street, El Monte 1, Calif.



BOOKLETS

A 68-PAGE booklet containing 60 best sales letters has been published by the American Automatic Typewriter Company. Your free copy is available by writing on your business letterhead to 2323 North Pulaski Road, Chicago 39, Ill.

A NEW folder, describing the Univac High-Speed Printer which prints data processed by the large-scale system, is available through Remington Rand Division of Sperry Rand Corporation. Copies may be obtained at any branch office, or by writing to Remington Rand, 315 Fourth Avenue, New York 10, and requesting U189.

A N 8-page booklet on their vertical collator and new bookletteer is being offered by J. Curry Mendes Corporation. This 2-color booklet is liberally illustrated and graphically pictures the outstanding features of these models. Send your request to the above corporation at 1 Curry Lane, Canton, Mass.



WHAT'S NEW IN THIS SAFE DEPOSIT VAULT?

If this were a color photo, you would see at a glance.

The safe deposit boxes are not the usual cold polished steel, but Herring•Hall•Marvin's new, exclusive "Golden Swirl" finish. For the first time color comes into the inside of the bank vault.

To complete the picture, the same beautiful "Golden Swirl" finish is now available, in our Five Star Constellation Vault Entrance, on both the inside and outside surfaces of the door and on the architrave.

HERRING•HALL•MARVIN SAFE CO., HAMILTON, OHIO

If you contemplate building or remodeling, write now for new brochure which gives all the facts about the Herring•Hall•Marvin Five Star Constellation Vault Entrance and the new "Golden Swirl" finish. It includes color plates of various "surrounds" which will supply a dramatic setting for your safe deposit vault.



(CONTINUED FROM PAGE 133)

quartiles for selected lines. The variations among different lines point up the danger of relying on any "rule of thumb" to measure financial health.

Financial Ratios in Wholesale Lines

| Line of Business | Number of Concerns Surveyed | Inter-Quartile Range | Current Assets to Current Debt (Times) | Fixed Assets to Tangible Net Worth (Percent) | Inventory Working Capital (Percent) |
|---|-----------------------------|--|--|--|-------------------------------------|
| Automobile parts and accessories | 175 | Upper Quartile MEDIAN Lower Quartile | 4.94 3.15 2.19 | 6.1 13.1 28.2 | 69.9 88.6 114.6 |
| Baked goods | 49 | Upper Quartile MEDIAN Lower Quartile | 2.59 1.89 1.45 | 54.0 69.4 87.0 | 49.0 73.6 123.6 |
| Confectionery | 22 | Upper Quartile MEDIAN Lower Quartile | 4.96 2.93 2.24 | 4.0 8.1 29.5 | 52.8 79.9 96.6 |
| Drugs and drug sundries | 69 | Upper Quartile MEDIAN Lower Quartile | 3.17 2.42 1.92 | 5.1 13.0 29.0 | 70.6 89.2 107.8 |
| Dry goods | 156 | Upper Quartile MEDIAN Lower Quartile | 6.09 3.17 2.08 | 2.0 4.8 9.6 | 47.5 68.6 96.3 |
| Furnishings, men's | 31 | Upper Quartile MEDIAN Lower Quartile | 5.00 2.76 2.26 | 2.2 4.0 19.0 | 49.8 69.9 99.7 |
| Gasoline, fuel oil, and lubricating oil | 42 | Upper Quartile MEDIAN Lower Quartile | 3.63 1.98 1.44 | 26.4 40.2 67.6 | 31.7 55.0 77.8 |

| | | | | | |
|--|-----|--|----------------------|----------------------|-----------------------|
| Groceries | 255 | Upper Quartile MEDIAN Lower Quartile | 5.06 2.81 2.07 | 7.7 14.4 28.9 | 74.1 98.2 131.7 |
| Hardware | 200 | Upper Quartile MEDIAN Lower Quartile | 6.23 3.92 2.39 | 6.9 14.0 25.3 | 67.5 83.9 104.9 |
| Hosiery and underwear | 39 | Upper Quartile MEDIAN Lower Quartile | 5.81 3.58 2.12 | 1.1 3.7 15.0 | 42.1 76.0 100.8 |
| Household appliances, electrical | 100 | Upper Quartile MEDIAN Lower Quartile | 3.60 2.18 1.67 | 4.5 9.5 21.3 | 63.4 91.5 125.6 |
| Iron and steel sheets, strips, bars and plates | 60 | Upper Quartile MEDIAN Lower Quartile | 5.88 3.55 2.41 | 10.2 23.1 38.6 | 58.4 82.1 110.1 |
| Lumber and building materials | 87 | Upper Quartile MEDIAN Lower Quartile | 6.16 3.36 2.21 | 10.2 20.4 34.1 | 55.2 70.2 93.1 |
| Paints, varnishes and lacquers | 32 | Upper Quartile MEDIAN Lower Quartile | 5.01 3.44 2.44 | 7.6 17.9 32.9 | 63.6 76.8 90.3 |
| Paper | 133 | Upper Quartile MEDIAN Lower Quartile | 4.21 2.99 1.97 | 4.4 10.9 24.7 | 56.8 79.5 95.3 |
| Plumbing and heating supplies | 156 | Upper Quartile MEDIAN Lower Quartile | 6.07 3.45 2.36 | 6.9 14.7 25.0 | 59.1 77.2 103.1 |
| Shoes, men's, women's and children's | 54 | Upper Quartile MEDIAN Lower Quartile | 3.81 2.15 1.75 | 1.3 4.6 8.3 | 53.2 69.3 101.8 |
| Womenswear, coats, suits and dresses | 32 | Upper Quartile MEDIAN Lower Quartile | 3.62 2.57 1.88 | 1.6 7.1 16.4 | 23.7 43.9 92.8 |

SOURCE: Dun & Bradstreet, Inc.

BANKING'S ADVERTISERS

March 1959

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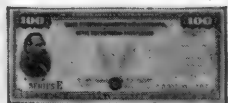
"Our bank is proud to join with the Treasury
and the A.B.A. . . ."

*says David M. Kennedy, chairman of the board, Continental
Illinois National Bank and Trust Company, Chicago*

"At the American Bankers Association's convention in Chicago, Secretary Anderson pointed out the dangers of inflation and solicited the bankers' advice and counsel. He asked that the bankers support the promotion of Savings Bonds. In response to the Secretary's appeal, the A.B.A.

adopted a resolution pledging vigorous support of the Treasury's Savings Bonds effort. Our bank is proud to join with the Treasury and the A.B.A. in this important program which will help so much to protect our economy."

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THE ADVERTISING COUNCIL AND THE DONOR BELOW



BANKING



The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 39)

relation to population and also to the value of the dollar.

Earle L. Rauber, vice-president of the Federal Reserve Bank of Atlanta, sharpened his pencil a while ago and concluded: "The glow of prosperity that shines forth in our great statistical aggregates is partly an illusion created by higher prices and in part merely the after-glow of production that was consumed in the process of increasing the population rather than in improving the level of living for the average person."

His arithmetic was about as follows: Gross National Product in constant dollars ('47-'49=100) on a per capita basis was \$1,828 in 1950 and \$2,117 in 1957 (1st quarter rate). Making allowances for higher taxes and population increase, and prices, these figures actually were \$1,322 in 1950 and \$1,464 in 1957. Actually, he pointed out, there was a decline in real, per capita disposable income from \$1,474 in 1955 to \$1,464 in 1957.

Real Purchasing Power

On a current dollar basis the 3rd quarter of 1958 income was the highest in history. Yet in terms of real purchasing power, it was no higher than it was three years earlier, in July 1955. In fact it was about 3% lower than the average of 1956.

Going back a little and using aggregate figures, disposable income (after taxes) was \$207.7-billion in 1950 measured in current, not constant, dollars. This was \$1,369 per capita.

In the third quarter of 1958, these figures were \$314-billion and \$1,800 per capita. On a constant dollar basis, the comparable figures were \$260.8-billion and \$1,485.

"Relative" or "Normal" Inflation

Those who believe that a little inflation is good for our economic soul are very articulate. They say that prosperity has always been accompanied by a "normal" amount of inflation, and that the goal should be "relative" stability.

The opposing view has its powerful spokesmen, and these include the Treasury, the Federal Reserve Board, and a growing number of business and financial leaders.

Dr. Marcus Nadler put it this way in a speech before

All in a Day—Democracy in Action

MORNING—The President says some co-ops should be taxed.

AFTERNOON—Speaker Rayburn says absolutely no.

EVENING—All commentators say that settles it. Well, we certainly discussed that thoroughly. Next question?

the Mid-Winter Trust Conference of the American Bankers Association:

"It is inconceivable that the U. S. will adopt creeping inflation as a way of life. The Reserve authorities have already stated in unmistakable terms that they will oppose it. The State of the Union and the Budget Messages state in unmistakable terms the opposition of the Administration to inflation. Without official acquiescence and assistance, creeping inflation will prove to be a temporary phenomenon. The rapid fluctuations in business activity, employment, and profits will soon convince labor leaders and business management that inflation harms most people and benefits only a few. The economic facts of life are not always readily and fully understood; but, once the lesson has been learned and the hard facts driven home, there will be a general revulsion against the constant decline in the purchasing power of the dollar."

Business Spending

If the legislative and judicial climate should turn out to be definitely antibusiness, management will be cautious and limit replacement, re-equipment, and building plans.

Mounting maintenance costs are a factor, too. A cost study of 687 manufacturing companies showed that they spent up to \$7.5-billion for maintenance and repairs in a year and earned up to \$11.2-billion in net profits.

If new equipment can eliminate some of the maintenance costs, the inclination is to buy machinery. But with the existing pinch of depreciation allowance based only on the original purchase price, the path of least resistance is to keep on repairing.

There is also a natural inclination to postpone improvements and expansion until it becomes clearer what the Justice Department has in mind with regard to prosecuting some of our biggest national business institutions for sheer bigness.

Building

The building industry is one of the most cheerful aspects of the economy. The total of contracts for last year reached a record of \$35.1-billion. This is all the more remarkable because the first quarter was poor indeed.

The Labor Department still holds to its estimates that this year will be a little better than the 1,200,000 public and private units in 1958. There are several housing bills before Congress and enough pressure to assure some legislation in this category.

Agriculture, Some Cloudiness

The farm picture is one of general stability. Lower prices for hogs, cotton, dairy products, and tobacco were offset by increases in vegetables, cattle, and chickens. The surplus commodity problem, in which about \$8.5-billion is invested, remains unsolved.

The Agriculture Department expects some setbacks in 1959, some surrender of 1958 gains, but this will be a good year for farmers. The acreage reserve part of the soil bank, which took 17,000,000 acres out of production last year, will not be operating this year. The income to farmers from this source will be made up in part by conservation payments.

WILLIAM R. KUHN

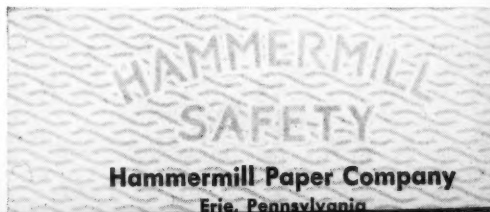
PEOPLE BORROW WHERE THEY BANK



AND HAMMERMILL SAFETY IS ONE MORE REASON TO BANK WITH YOU

Some of your best loan prospects are the checking account customers you already have. And here is one new way to help attract new checking account customers: Offer them checks printed on Hammermill Safety paper.

Hammermill Safety adds the best-known name in paper to the respected name of your bank. It suggests the care and attention you give to all banking details. And its specially sensitized surface helps protect you from loss.





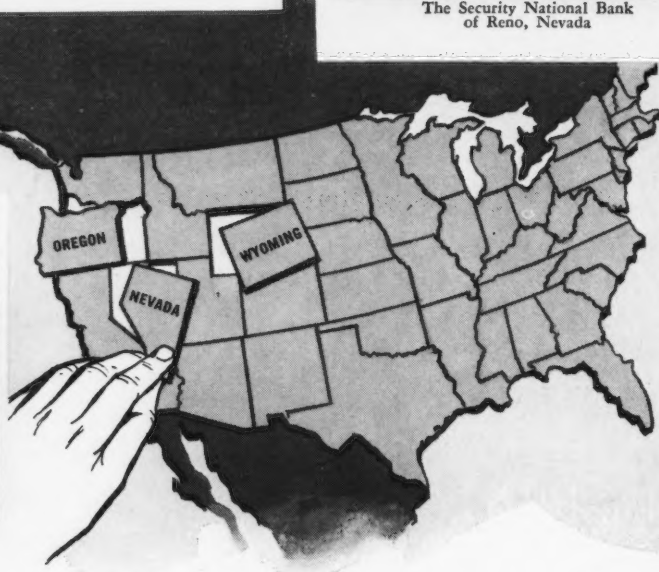
Southern Oregon State Bank
Grants Pass, Oregon



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of Reno, Nevada



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NOW THE PICTURE'S COMPLETE

National POST-TRONIC* installations now in all 49 states!

More than 1 of every 6 checking accounts are now posted by National Post-Tronic Machines! All this took place in less than 2 years!

Confirmed records to February 1 show 3,643 National Post-Tronic Machines are in use in 852 banks in ALL 49 states, the District of Columbia, Hawaii, Puerto Rico and Canada.

The National POST-TRONIC Machine—either with ALPHA-DIGIT COMPARISON (flexibility to use letters as well as numbers) or with NUMERIC COMPARISON—is a *protected* investment for your bank. This is because POST-TRONIC Machines are engineered to be *fully automated* later . . . as proved by public demonstrations at national bank conventions. As additional electronic components are made available, they can be integrated with *present* Post-Tronic Machines.

Call your nearby National representative for a demonstration of the National POST-TRONIC today. He's listed in the yellow pages of your phone book.



THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio

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